



A Phoenix in Dresden

A spirit of enterprise struggles from the ashes of communist oppression Page 1



Is your job safe?

When recession hits your employer, it is well to be financially prepared Page 1

First catch your hare
Then think about a truly traditional English dinner Page VI

Jane Glover

Christian Tyler talks to a conductor who hides in the limelight Page XVI

Winter dreams

Clement Crisp assesses Kenneth MacMillan's daring and complex ballet Page XII

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Weekend February 9/February 10 1991

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WORLD NEWS

Mandela hits at EC move on sanctions

Nelson Mandela threatened yesterday to turn South Africa "upside down" unless the European Community revoked its decision to start lifting economic sanctions against Pretoria.

The deputy president of the African National Congress complained that the ANC had not been consulted about the EC move, warning: "Once our people realise they have no friends in the international community it will be very difficult to control them, so angry will they be." Page 22

Lithuanian referendum
Lithuanians in the rebel Baltic republic are voting on the issue of independence today in defiance of Moscow. Latvia said it, too, would boycott Moscow's poll on Soviet unity and hold its own independence referendum. Page 4

UK security review
Tighter security measures are almost certain to follow Thursday's IRA mortar attack in Whitehall. The likelihood of greater police protection for politicians, and parking curbs near government buildings. Page 5

Misconduct charges
Britain's most senior police woman Alison Halford, assistant chief constable of Merseyside, is to face charges of serious misconduct, Merseyside police authority said. She will answer the charges before a one-woman disciplinary tribunal. Page 5

Israeli bus attacked
Three Jordanians were killed by Israeli troops after attacking a bus carrying Israeli soldiers. Two soldiers were wounded in the gun battle. Page 2

Action on homeless
Charities urged the government to declare a "housing emergency" to stop the homeless wandering city streets in icy conditions. The call came as the government announced another 200 beds in London. Junior environment minister Tim Yeo said the situation in the capital was being reviewed by the hour.

Albanian reforms
Albania announced plans for law taking the army, police and courts out of communist control. The plan meets one of the main demands of Albania's opposition.

Bomb-planters jailed
Belfast couple Patrick Joseph Sheehan, 32, and Marie Wright, 30, were jailed for 24 years each in Northern Ireland for attempting to murder members of the security forces. They were caught in 1989 planting a bomb on a security barrier near a police station.

Slad Barre 'in control'
Ousted Somali president Mohamed Slad Barre, who fled from the capital Mogadishu last month, still controls most of the country and is seeking backing for peace talks, one of his ministers said. Page 3

Hospital attack
Police in Northern Ireland launched a search for a man who indecently assaulted an eight-year-old girl in a hospital bed in Omagh, County Tyrone. He died after being spotted by two nurses on night duty.

Ritz not to blame
North London accountant Anthony Ward, who fractured his skull falling over a balcony at the Ritz, lost his £1m High Court damages action against the London hotel.

BUSINESS SUMMARY

EC boost for trouble-hit airlines

Europe's troubled airlines were lifted by news that the European Commission is willing to relax temporarily a range of regulations, including capacity-sharing and state aid.

Sir Leon Brittan, EC competition commissioner, outlined the moves, designed to help airlines through the drop in business caused by the Gulf war. Page 22: Airbus expects 50% fall in orders, Page 4; Lockheed set to take control of Laiton airport, Page 5

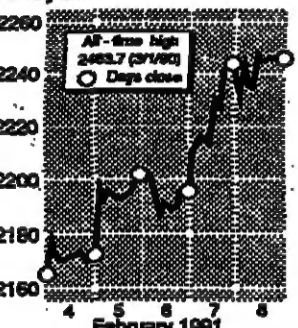
FIMBRA, UK self-regulatory organisation for independent financial advisers, announced 40 redundancies, a fifth of its workforce. In a statement, it said an overhaul of the regulatory system was needed to put it on a firm financial footing. Page 22: Editorial Comment, Page 5; Fimbra failure would alter the face of an industry, Page 5

THORN-EMI, UK music, lighting and defence group, made an offer for control of Thames Television, largest UK independent television company. The offer values Thames at between £124.1m and £148.5m. Page 22: The rapids are past, the waterfall's ahead, Page 7; London stocks, Page 18

LONDON EQUITIES ended a highly successful, two-week trading account in good form, with the FT-SE 100 index closing

FT-SE 100 index

Hourly movements



up 1.5 points at 2,245.2. Stocks consolidated their recent gains with turnover only moderately affected by the severe weather problems. Over the last week, the index gained 79.5. London stocks, Page 13; World stocks, Page 18; Fragile optimism in the face of pain, Weekend FT, Page 3

LEGAL & GENERAL, UK life and general insurer, warned that its 1990 results could be worse than expected. Analysts now expect pre-tax profits of about £70m. Page 7; London stocks, Page 13

TOYOTA MOTOR, largest Japanese car manufacturer, saw half-year pre-tax profits fall 9.6 per cent to ¥298.1bn (£1.17bn). The decline, the first since 1988, came as a slowdown in domestic sales and increased costs hit earnings. Page 10

AUSTRALIAN Kerry Packer's Consolidated Press Holdings seemed to rule itself out of the bidding for the John Fairfax newspaper group after undertaking to keep a 38 per cent holding in the Channel Nine television network. Page 10

MIDLAND BANK introduced a £10 charge on its Access and Visa credit cards. To compensate it has cut its rate to borrowers from 2.35 per cent a month to 2 per cent a month. Page 5

LONDON METAL EXCHANGE: Due to the adverse weather conditions there was no afternoon session on the exchange.

Central banks spend \$500m to prop dollar

By Peter Marsh, Economics Staff

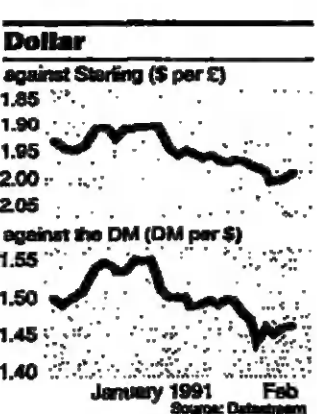
CONCERTED intervention to support the dollar by European and North American central banks yesterday succeeded in blunting a wave of selling pressure in the past few days to reduce the currency's value.

Yesterday's operations in buying dollars are thought to have involved about 15 central banks, which spent an estimated \$500m to stop the US currency's fall.

The efforts appeared to be aimed at setting a floor for the US currency against the D-Mark at around DM1.45. They were rewarded last night as the US currency closed in London at DM1.456, about half a penny up on the day and above Thursday's record low of DM1.4467. It had closed last Friday at DM1.4675.

Many traders believe selling pressure will continue. Investor perceptions about the dollar are deep rooted: the central banks might have to do a lot more to pull it up," said Mr David Brown, an economist at the London office of Swiss Bank Corporation.

Yesterday's intervention ended a turbulent week in which central banks have made their most vigorous effort since late 1989 to act together to influence the value



of a currency on financial markets. The 1989 move had been to try to cut the dollar's value. Pressure on the dollar started on Monday, triggered by a cut in US interest rates and a rise in German rates at the end of last week. That led currency investors to switch out of the dollar into the D-Mark, in a move strengthened by expectations that further cuts in US rates are likely in the next few months as the Federal Reserve tries to reduce the impact of the recession.

The Fed was active in the intervention yesterday, supported by the central banks of

Germany, Britain, Italy, France and Canada - five other members from the Group of Seven industrial countries. As in earlier operations, Japan, the other G7 nation, did not join in. However, the central banks of Ireland, Norway, Denmark and Finland participated for the first time, while Austria, Belgium, the Netherlands, Spain, Portugal and Greece also took part.

In earlier interventions, the Fed and the Canadian central bank had acted alone on Tuesday and Thursday, while European banks joined the effort on Monday and Wednesday. The battle over the dollar's value had little overall impact on sterling. As speculation continued about an imminent reduction in UK base rates, the three-month interbank rate closed a lower at around 10 1/2 per cent its lowest since late November, signalling expectations of easier borrowing conditions which some believe could come as early as next week.

US credit crunch, Page 3
Man in the News, Page 8
G7 on \$ depreciation, Page 9
Currencies, Page 11
London stocks, Page 13
World stocks, Page 18
Lex, Page 22

Iraq's fighting capacity cut by up to 20%, says King

By Paul Abrahams in London and Tony Walker in Riyadh

IRAQ'S fighting capacity has been reduced by 15 per cent to 20 per cent since allied forces established air supremacy 10 days ago, Mr Tom King, the British defence secretary, said yesterday.

This is the most detailed assessment of the effects of coalition bombing in more than 52,000 sorties since Operation Desert Storm was launched on January 17. It comes when allied commanders and their political masters are considering how and when to begin any ground offensive to dislodge the Iraq from Kuwait.

Yesterday Mr Dick Cheney, the US defence secretary, and General Colin Powell, chairman of the US joint chiefs of staff, began a series of meetings in Saudi Arabia with allied theatre commanders during a 48-hour assessment of the progress of the war.

GULF WAR

Page 2

■ **EC prepares post-war plan for Middle East**
■ **Unequal comforts of the frontline**
■ **Civilian casualties much higher, says Red Cross**
■ **Countdown to the land offensive**..... Page 9
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Mr King will go to Washington next week to co-ordinate allied planning on Mr Cheney's return from Saudi Arabia.

No land assault would be launched, he said, until the military balance had been further adjusted. British sources have indicated that a ground attack was unlikely until the

pace of attacks will accelerate," Mr King said. "The forces in the front line will see a vast increase in the concentration of bombardment aimed

Continued on Page 22

Saab Auto losses hit £425m

By Kevin Done in Trollhättan and Robert Taylor in Stockholm

SAAB Automobile, the Swedish car maker, has plunged into a \$425m (£425m) loss for last year and is to close its Malmö car plant.

The Malmö plant in southern Sweden was opened less than 18 months ago after an investment of about \$1.5bn supported by state aid. Its closure will lead to the loss of 870 jobs, part of a worldwide cut from 17,000 to a planned 11,500 by the end of this year.

The scale of the losses at

Saab Automobile, which is 50 per cent owned by General Motors of the US, has wiped out around two thirds of the company's original \$1.5bn risk-bearing shareholders' equity and will force a capital restructuring later this year.

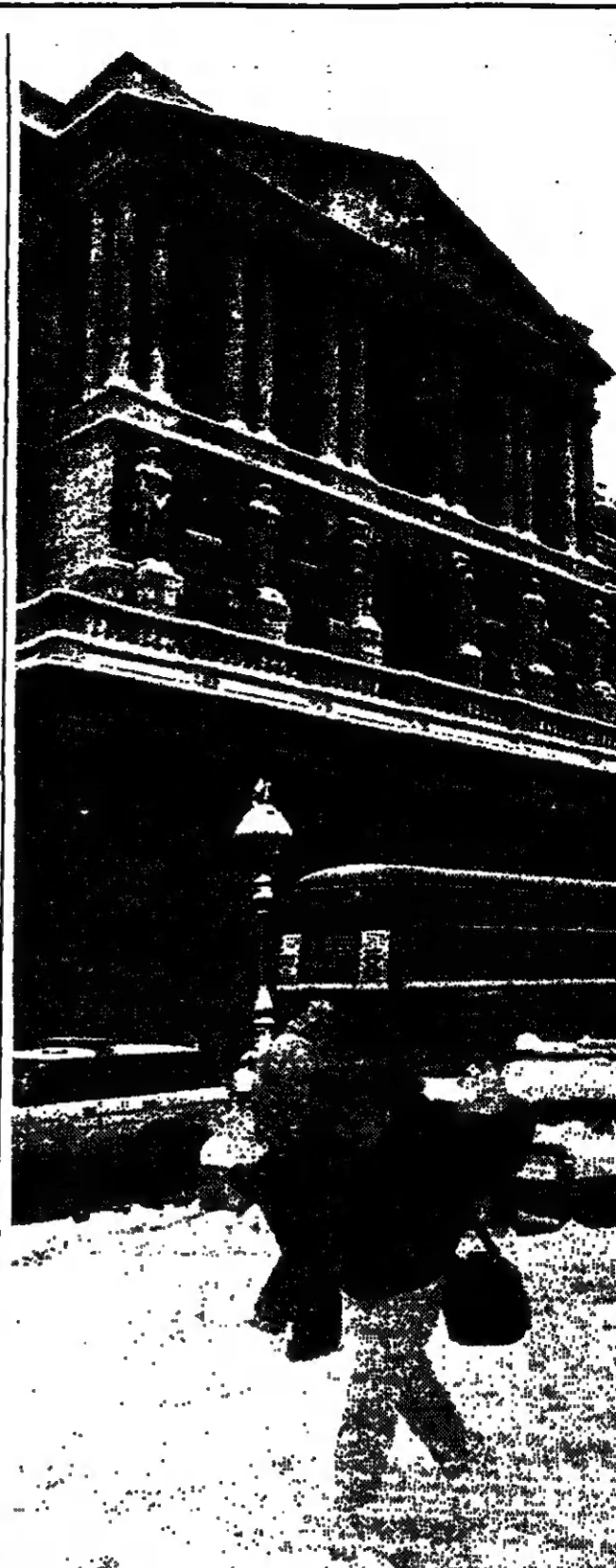
The increase in losses, up from \$1.13bn in 1989 and a marginal profit of \$111m the year before, stemmed from falling sales and lower plant capacity utilisation. Saab car sales fell by 14.8 per cent to

93,231. At their peak in 1986 they totalled 127,190.

Both GM and Saab-Scania, the Swedish truck and aerospace maker, which each hold 50 per cent of Saab Automobile, are expected to have to inject new capital to support the company's ambitious product development programme.

Mr David Herman, the GM executive who was appointed Saab Automobile chief executive early last year, said the

Continued on Page 22



Work on the slide: the Bank of England yesterday

Business halts as snowfalls sweep UK

By Andrew Jack and Neil Buckley

THE WORST winter weather in the UK for four years brought transport and businesses to a halt across much of the country yesterday. Forecasters said snowfalls were likely to end over the weekend, but very low temperatures would continue into next week.

Many commuters in the south-east of England failed to get to work, and many of those who did left for home by mid-afternoon. Across the country, schools were closed and other services seriously disrupted.

British Telecom reported a surge in telephone calls from early to mid-morning as people failed to make it to work. In London, 17cm of snow fell on the roof of the London Weather Centre. In the City, the corporation said 30 staff had worked through the night to clear roads, but the financial district remained quiet. At the stock exchange, share turnover was lower than normal, with many traders unable to travel to work.

A banker at Chase Manhattan said only 10 of the 50 people who normally worked on his floor had come in, and he planned to leave at lunchtime. British Rail said the bad weather was costing "hundreds of thousands of pounds a day" in overtime and track-clearing operations. Although "ghost trains" spraying de-icing liquid were run during the night to keep track free from ice, London's Waterloo and Euston stations were closed for part of the morning. There were curbed services on most commuter routes.

On the roads, many motorways were reduced to single lanes. Some of worst driving conditions were reported in Yorkshire and the north-east. AA Roadwatch said drivers seemed to be heeding police advice to stay at home. In continental Europe, the cold weather caused canals in Venice to freeze over for the first time since 1985.

Weather delays Levitt case, Page 5
Weather, Page 22

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MARKETS

STERLING
New York lunchtime: \$1.9875
London: \$1.9875 (1.987)
DM2.885 (2.8875)
FF4.8675 (4.87)
SF2.4725 (2.4725)
Y254.0 (255.5)
S index 94.2 (94.4)
GOLD
New York: Comex Apr \$372.4 (\$70)
London: \$370.25 (368.25)
N SEA OIL (Argus)
Brent Mar \$19.675 (20.12)

DOLLAR
New York lunchtime: DM1.4565
FF14.9515
SF11.244
Y127.75
London: DM1.4565 (1.451)
FF14.95 (14.925)
SF11.244 (11.2375)
Y127.8 (127.95)
S index n/a (93.4)
Tokyo close: Y128.2
US LUNCHEXTIME
S&P 500: 24,295.08 (+191.65)
Fed Funds 6 1/4 %
3-m Treasury Bill: yield: 6.08 %
Long Bond: yield: 7.98 %

STOCK INDICES
FT-SE 100: 2245.2 (+1.5)
FT Ordinary: 1702.2 (+1.4)
FT-A All-Share: 1072.83 (+0.1%)
New York lunchtime: DJ Ind. Av. 2,824.51 (+13.88)
S&P Comp 358.28 (+1.76)
Tokyo Nikkei 24,295.08 (+191.65)
LONDON MONEY
3-month interbank: closing 10 3/4 % (10 1/4 %)
Life long gilt future: Mar 92 1/2 (92 1/2)

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مكاتب الأصيل

EC prepares post-war plan for Middle East

By David Buchan in Brussels and Lionel Barber in Washington

THE European Community hopes to put forward a plan for a post-war Middle East, security and the economy in the Middle East to Arab and Israeli counterparts later this month, Mr Jacques Poos, the Luxembourg president of the Community, said yesterday.

Foreign ministers of the 12 EC states will thrash out the proposals on February 19. But Mr Poos said that Mr Yasser Arafat, leader of the Palestine Liberation Organisation had made "all official contacts" difficult because of his backing for President Saddam Hussein of Iraq.

The comments by Mr Poos came in a French newspaper interview yesterday after political directors of the Twelve had met on Thursday to consider European Commission proposals for a European initiative for the Middle East.

There were indications that the Community would be ready to co-operate with the US on American proposals revealed earlier this week for a new Gulf security system and regional economic reconstruction after the war, including the setting up of a development bank for the Middle East.

Mr Poos, the foreign minister of Luxembourg, which currently chairs EC discussions, has invited Mr James Baker, the US secretary of state, to Europe as soon as possible. The EC Commission said yesterday that Mr Baker's suggestion for a development bank could mesh in easily with Brussels' idea of drumming up another "Group of 24" collection of international aid donors, as has been done for eastern Europe.

US officials are waiting to

THE GULF WAR



study the European proposals in detail, but there is a trace of apprehension in Washington. This goes beyond the rivalry to whether the Europeans will pressure the US to "deliver Israel" to the bargaining table in post-war efforts to resolve the Palestinian question.

The Commission is also proposing EC economic accords with Iraq, and possibly with post-war Iraq, as well as normalising diplomatic relations with Libya and opening an EC office in Saudi Arabia - in addition to existing aid plans for the Maghreb states of northern Africa, the Gulf and Turkey.

But the Community's desire to help solve the Palestinian issue, highlighted again yesterday by Brussels giving a further Ecu7.5m (\$8m) aid to Palestinians in the Israeli-occupied territories, risks a clash with Washington, which does not want the EC to start raising expectations here.

Mr Poos reiterated the Community's long-standing position that the Palestinians have a right to self-determination. The EC has also long endorsed an international peace confer-

ence on the Palestinian issue. But an EC diplomat said this week the Community did not want "to trap itself into a single idea". He forecast that if an Israeli boycott rendered such a conference useless, the EC would be ready to back more narrowly focused diplomacy, favoured by the US and Israel in the past.

The US reconstruction plans outlined by Mr James Baker, US Secretary of State, include the creation of a multinational Middle East development bank, similar to the bank set up to help eastern European countries.

The Gulf states would take the lead in funding the new institution, one of whose aims would be to redress the enormous economic inequalities between oil-rich states such as Saudi Arabia and Kuwait and the poorer ones.

Separately, Congress is registering concern about whether the US would contribute to a multinational bank which in turn would fund countries such as Syria, still designated as a state sponsor of terrorism.

Jordan, hard hit by the UN embargo against Iraq, remains a problem because of its pro-Baghdad stance. Saudi Arabia refuses to contribute financial aid, while the US this week announced it was reviewing all of its economic aid because of an inflammatory speech by King Hussein which appeared to abandon Jordanian neutrality in the war. Yesterday, the White House said the king had clearly aligned his country with Iraq and accused him of aiding Iraqi attempts to influence Arab opinion against the US.

THE GULF WAR



A damaged Iraqi armoured personnel carrier is removed by Saudi troops with a forklift truck after last week's fighting at Khafji

US 'aim is control of oil reserves'

By John Lloyd in Moscow

THE US aim in the war against Iraq is to control the world's main oil reserves, allowing it to dominate its competitors in western Europe and Japan in the future, the Soviet Communist party newspaper Pravda said yesterday.

The newspaper, which now gives increasing space to hard line views, said leading Soviet figures were now calling for a reassessment of "the US pressure on the world community".

The comments, by Mr Vsevolod Ovchinnikov, are notable for the relatively reasoned tone of its opposition to allied policy, eschewing merely dogmatic denunciation. In particular, he seeks to represent the war's unstated aim as being that of gaining an edge on allies who have more successful economies.

He says: "I fear that this (the allied forces) might turn into a neo-colonial force with quite different aims - to gain a key position in the struggle for energy resources and thus to assist American monopolies to gain a dominant position in the world economy."

In a further article in the hard line daily Sovetskaya Rossiya, Major General Igor Yevsteyev criticised US attacks on Iraqi chemical plants, opposed the exchange of data on chemical warfare between the US

and the Soviet Union and said that the only defensive route open to Iraq was missile strikes on the cities of the states which were part of the anti-Iraq coalition.

Mr Vitaly Churkin, the foreign ministry spokesman, called General Yevsteyev's comment on missile strikes "a provocation", though he said he "shared his concern" on attacks on chemical plants on environmental grounds.

The commentaries reflect a strong current of opinion in the Communist party and the armed forces - though it is by no means a universal one. In

an interview with the Financial Times this week, Colonel Viktor Alkhalik, leader of the generally hard line "Union" group in the Soviet parliament and a strong critic of liberal reform indicated that he was not against the allied intervention.

A spokesman for the US embassy in Moscow said last night that "this is not an isolated example - other people have expressed it. It causes us some concern, but we are reassured that Foreign Minister (Alexander) Lebedevskykh has reaffirmed basic support for all UN resolutions on the Gulf."

Under the terms of the third Geneva Convention, to which Iraq is a signatory, countries are obliged to notify the ICRC within a week that they have taken prisoners of war, and within a further two weeks of where they are being held.

Although three weeks have passed since the first allied POWs were taken, the ICRC had still not been officially informed, Dr Sommaruga said.

The ICRC president, who has been in London for talks with the British government, said he was extremely pleased with the support the government was giving to the Red Cross. He said Britain was to make a \$2.5m contribution to Red Cross work in the Gulf area.

The Egyptians themselves lie in wait in an abandoned flat, discussing the relative merits of their M-60 tanks and the Iraqi T-54s and showing a healthy respect for the abilities of the distant Iraqi Republican Guards.

Lieutenant Mohammed Mustafa, a psychiatrist who is headed for King's College, London after his three years' military service, working in the army as a doctor.

"We're not training any more," he says. "Now we are waiting. Some people have phobias about the war, but I used religion to help them: we are fighting for justice and defending the holy places."

There is no group in command of the Iraqi people, only against President Saddam. "We are defending our borders and we are doing our best so that the day will come when we restore the freedom of Kuwait," said General Abdul-Aziz Alkhalik, the Saudi second in command of the allied Arab forces, who paid a surprise visit to Kuwait yesterday. "We are not here to kill people but to free them."

Unequal comforts of the frontline

By Victor Mallet on the Saudi-Kuwait border

THIS is, for the time being at least, a most unequal war. From the Egyptian observation posts on the Saudi-Kuwait border you can hear the thump of bombs raining down on the Iraqi army a few kilometres to the north, and see the occasional silver gleam of an American fighter-bomber in the sky.

But on the allied side of the line, Egyptian troops are taking into their Friday lunch enjoying the comfort that comes with air supremacy.

While allied pilots throw Iraqi supply lines, the allied vehicles on the roads of Iraq and Kuwait, the logistical machine to feed and fuel the planned allied ground offensive proceeds unhindered.

Convoy after convoy of transporters and trucks carrying tanks, armoured cars, ammunition, fuel - and even makeshift shower cubicles for the troops - moves inexorably north. An ammunition truck has exploded and several transporters with broken axles lie discarded on the verge, but the convoys roll on a steady stream of the road by the side of the road smiles and raises his hand in a V-for-victory sign.

The Iraqis, too, seem to sense they are fighting a losing battle. Each night they slip across the lines in ones and twos, carrying their own food, their own blankets and their own minefields to emerge in daylight and surrender to the Egyptians.

Yesterday morning a desert came across at the border town of Rafi, hungry and with stinking unwashed clothes. He arrived clutching a small, faded, black and white photograph of an American B-57.

An oil slick forced Saudi Arabia to shut its first desalination plant yesterday. The plant, at Safaia, was closed before oil entered its intake valves.

The plant supplies water to employees of Saudi Aramco, the oil company, and is likely to reopen soon.

dropping its bombs. "Now the choice is yours," said the slip of paper. "Accept the offer of the coalition forces to save your life. Hundreds of the leaflets fly across no man's land on the north wind."

The Iraqi border post bears the scars of an Iraqi artillery raid earlier in the war. One Iraqi shell punched a hole in the roof of the mosque and shattered its windows.

For the past three days, the Egyptians say, the allied air bombardment of the Iraqi front line has been particularly severe. The Iraqi deserters are frightened of the bombs, frightened of their own chemical weapons, against which they are poorly protected, and unimpressed by President Saddam Hussein's claims to Kuwait territory, the Egyptian soldiers say.

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Angry Jordanians unruffled by threatened loss of US aid

By Mark Nicholson in Amman

ANY pinch Jordan feels as a result of Washington's decision to review its economic assistance to the kingdom is more likely to be felt politically than economically.

However, given the strength of anti-American feeling in the country, a sentiment which is souring daily, there would appear to be little more political damage the US could inflict.

Widespread fury at US air raids on Jordanian oil tankers in Iraq brought 3,000 demonstrators onto Amman's rainy streets yesterday. A rowdy auction of what was claimed to be a piece of a shot-down US aircraft took place in a Palestinian camp near Amman, and the funds sent to Iraq.

Western diplomats in Amman believe that King Hussein was prompted this week to make his most outspokenly pro-Iraqi speech of the crisis by the heightened feeling over the tanker raids - coming amid already deep Jordanian concern over levels of civilian casualties in Iraq.

Although few diplomats doubt the king's sincerity in voicing such strong feelings, which angered Washington, many add that he may cannily have sought to defuse the anti-western "street" pressures by venting some of it himself.

"It's like putting out an oil fire," said one diplomat. "To do that, you light another one above it."

The king and President Bush are known to enjoy a cordial personal relationship, and both have sought to keep lines of communication open throughout the crisis. But King Hussein must have shared the anger in Amman which greeted not only the attacks on tankers - upon which the king depends for its oil - but also remarks by US officials that the tankers were "military targets" and were breaking the UN embargo.

Jordan was convinced both that the UN had made a tacit exception for the kingdom over its oil imports, and that the US was also turning a blind eye. Although US aid has tradi-

tionally gone mostly into grain import supports and military training programmes, Jordan is likely to be able to find replacement donors. Already, Japan and the EC have promised \$700m and \$200m respectively. Canada, Taiwan and some European countries are also promising aid for this year, which would amount in total to the sum of likely US lending.

But given Jordan's economic plight, the loss of any aid donor is a blow. "We're missing by the skin of our teeth just now," Mr Michel Marji, the Central Bank's deputy governor said this week. But the loss of US assistance for 1991, would be likely to amount to just less than \$100m, would by no means be catastrophic.

Jordan has traditionally depended on economic assistance to underwrite an otherwise vulnerable economy built on transport, tourism, phosphate exports and remittances from Jordanians in the Gulf.

Bombs destroy Baghdad telecom building

US and allied aircraft knocked out a telecommunications building during overnight air raids on Baghdad, killing or wounding several people, eyewitnesses said yesterday, writes Maamoun Youssef, Reuters Correspondent in Baghdad.

The Adamiyah area around the telecommunications building is residential and many houses had their windows shattered.

Pieces of aluminium that covered the structure of the building were scattered over an area of 500 metres. With air strikes on Baghdad continuing on Thursday night and early yesterday, travellers from Jordan said the road had been attacked and a bridge was hit.

They said six trucks were also hit and they reported seeing two of them still burning between the Iraqi border town of Rutba and Ramadi, 110 km

(70 miles) west of Baghdad. Iraq said it shot down one aircraft during 158 allied air raids on Thursday night.

"Attacks on residential targets in our country and other sectors...will not pass without punishment," Baghdad radio yesterday quoted a military spokesman as saying.

The radio report brought to 302 the number of aircraft or missiles Iraq says it has shot down since the war began on January 17. The allies say they have lost 31 aircraft, 22 of them from the US.

The spokesman said all Scud missile launchers returned to base after firing a "destructive strike at the capital of humiliated agents" of the US.

A group of international journalists left Baghdad for Amman after a week-long visit to Iraq. Another group was expected to arrive in Baghdad later yesterday.

Civilian casualties much higher, says Red Cross

By Neil Buckley

CIVILIAN casualties in Iraq are far higher than those announced by the Baghdad government, Dr Cornelio Sommaruga, president of the International Committee of the Red Cross, said yesterday.

He declined to give an exact figure, but said a Red Cross convoy was due to leave Baghdad today, carrying medical supplies and ICRC staff to treat civilian and military wounded in Iraq.

Eight Red Cross delegates are in Baghdad, monitoring the needs of civilians, as well as trying to gain access to allied prisoners.

Dr Sommaruga said repeated requests from the delegation to visit POWs had been met with "neither a negative nor a positive answer" from the Iraqi government.

"I am very concerned that we have not been allowed to fulfil our mandate with respect to the prisoners," he said.

Under the terms of the third Geneva Convention, to which Iraq is a signatory, countries are obliged to notify the ICRC within a week that they have taken prisoners of war, and within a further two weeks of where they are being held.

Although three weeks have passed since the first allied POWs were taken, the ICRC had still not been officially informed, Dr Sommaruga said.

The ICRC president, who has been in London for talks with the British government, said he was extremely pleased with the support the government was giving to the Red Cross. He said Britain was to make a \$2.5m contribution to Red Cross work in the Gulf area.

The Egyptians themselves lie in wait in an abandoned flat, discussing the relative merits of their M-60 tanks and the Iraqi T-54s and showing a healthy respect for the abilities of the distant Iraqi Republican Guards.

Lieutenant Mohammed Mustafa, a psychiatrist who is headed for King's College, London after his three years' military service, working in the army as a doctor.

"We're not training any more," he says. "Now we are waiting. Some people have phobias about the war, but I used religion to help them: we are fighting for justice and defending the holy places."

There is no group in command of the Iraqi people, only against President Saddam. "We are defending our borders and we are doing our best so that the day will come when we restore the freedom of Kuwait," said General Abdul-Aziz Alkhalik, the Saudi second in command of the allied Arab forces, who paid a surprise visit to Kuwait yesterday. "We are not here to kill people but to free them."

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Arabs attack Israeli troops

By Judy Maltz in Jerusalem

THREE Jordanians were killed by Israeli troops yesterday after attacking a busload of Israeli soldiers and wounding four of the passengers.

Mr Moshe Arens, the defence minister, said the attack was a further attempt by pro-Iraqi elements to prove their support for Mr Saddam Hussein. Israel has expressed considerable concern over Jordan's support for Iraq in the Gulf war.

The ambush took place at 7.30am, just 60 miles north of the Red Sea resort town of Eilat on the main road parallel to the Jordanian border. The infiltrators threw a hand grenade at the bus, which did not

explode, and then opened fire. It is the second infiltration attempt by Jordan since the start of the Gulf war, and the first in which Israelis were wounded. On January 30, two guerrillas crossed the border further north, near the West Bank. One was killed and the other escaped back across the border.

Israel's army chief of staff, Mr Dan Shomron, said in a radio interview. There is no doubt that the war in the Gulf has had an influence both in the north and in the east, and Jordan is changing before our eyes," he was referring to recent Katyusha rocket attacks

aimed at Israel's self-declared security zone in south Lebanon.

Mr Rehavam Ze'evi, the hawkish minister-without-portfolio appointed to the cabinet this week, yesterday warned Jordan not to interfere should Israel decide to retaliate against Iraq.

Mr Arens called on Jordan to step up its efforts to prevent future infiltration attempts. "This is all part of the tension in the area resulting from the Gulf war, and the desire of elements here and there to prove that they support Saddam Hussein and are trying to help him," he said.



Douglas Hurd: No easy solutions

Hurd visits Cairo for talks

By Max Rodenbeck in Cairo

BRITISH Foreign Secretary Douglas Hurd arrived in Cairo last night for talks with Egyptian leaders expected to focus on post-Gulf war security arrangements as well as plans for an allied ground offensive.

Mr Hurd met Mr Esmat Abdel-Maguid, the foreign minister. He is to travel to Riyadh today for meetings with Saudi and Kuwaiti leaders before returning to London via Rome.

Before leaving London, Mr Hurd reaffirmed Britain's commitment to achieving regional peace. "We shall have to tackle again the Arab-Israeli problem," he said, calling it "one of the poisons of the Middle East."

But he warned that "it won't be at all easy or quick to achieve these things."

Egypt has been a key contributor to allied ground forces in the Gulf and hopes to play a major role in any post-war Arab security structure. To this end, it has strengthened ties with Syria and Saudi Arabia.

Firm in their will to liberate Kuwait, Egyptian officials have shown private dismay over the ferocity of allied bombing in Iraq. There is also concern in Cairo that western powers and wealthy Gulf states will fail to keep their promises once the war is won.

The British foreign secretary is also expected to meet allied commanders in Saudi Arabia, including Mr Richard Cheney, US defence secretary.

Mr Hurd formally broke off diplomatic relations with France yesterday, Reuters reports from Paris.

This was the first formal severing of ties since Baghdad Radio said on Wednesday that Baghdad would break relations with the US and its closest coalition allies.

Mr Abdul Razzak al-Hashimi Al-Hashimi, the Iraqi ambassador, said he would leave France at the end of next week.

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Iraq's punishment stirs mixed emotions among exiles

Anti-Saddam Iraqis worry about the fate of relatives and fear for their country's future, writes Neil Buckley in London

A MURMUR of amusement greets the arrival on screen of Peter Snow, the BBC Newsnight presenter deploying plastic aircraft on a map of the northern Gulf. After watching pictures of mangled tanks and the bruised and bewildered faces of Iraqi prisoners at Khafji, the roomful of Iraqis find this image faintly absurd.

The air in the tiny north London council flat is thick with cigarette smoke and urgent debate in Arabic, as the television commentary is translated and dissected. On the low table lie the remains of a family meal: *dawajani*, stuffed aubergine; an omelette with mince; spicy home-pickled cauliflower.

Occasionally someone breaks into English. "What I don't understand," says one Iraqi with short-cropped black hair and a flattened, boxer's nose, "is that these guys are not the Republican Guard. Why did they fight so fiercely?"

Perhaps, he surmises, the allied bombardment has given them stomach for the fight.

The picture switches to a heap of overturned tanks. They are only BBC toys. But in the Gulf, real tanks are burning. Only the TV breaks the sudden silence as the Iraqi remembrance families in Iraq, not knowing whether they are alive or dead.

Fatin and Assad, the Iraqi couple who rent the flat, are like most of the estimated 100,000 Iraqi refugees living in the UK, fiercely anti-Saddam. They are also bound to Iraq by family ties. Fatin has an elder brother and sister in Baghdad; her husband has three brothers and four sisters in Basra.

In common with most Iraqis in the UK, they have compelling reasons to oppose Saddam. Both were forced to leave Iraq when they refused to submit to law number 200, which made membership of the Ba'ath Party compulsory in 1979.

Fatin's brother and several university friends from Baghdad were executed for belonging to a banned opposition student union.

In 1982, during a year spent in hiding in Kurdistan, Fatin watched

Iraqi aircraft drop bombs along the streets of the village where she lived. She saw whole villages destroyed by flames as the Iraqi forces tried to flush out anti-government guerrillas. She saw 6,000 men from the region arrested and taken to Baghdad, and children swept away by the current as their families were forced to cross rivers on foot on their way to resettlement camps.

Her husband Assad worked for five years as a doctor among the Kurdish people. He lived with constant attack from the Iraqi forces, and the sure knowledge that if he were found he - and all his family - would be hanged.

The Iraqis talk of the atrocities committed by their government, of the execution of friends and relatives, with the

INTERNATIONAL NEWS

Tokyo candidates take off the gloves to slug it out for governorship

The ruling LDP's determination to get rid of Governor Suzuki has created an embarrassing split in the party, writes Robert Thomson

AFTER politely brutal preliminary four candidates were left standing last night in the campaign to be Tokyo's governor, a television personality, a communist promising to be 'gentle like a sheep', and the 80-year-old incumbent.

Recent elections for the powerful post have been relatively harmonious, with the present governor, Mr Shunichi Suzuki, drawing support from most parties during his 12 years in office. This time, Japan's ruling Liberal Democratic Party (LDP) is backing two candidates and a split with the local branch has become a national embarrassment.

Voting is not until April, but the backroom bickering has continued for almost a year, and reached a peak this week with Governor Suzuki formally announcing that he will stand again. Then the televi-

sion host and the former wrestler entered the ring, the latter having been prompted by 'a message from God'.

In some ways, Governor Suzuki has been the country's most influential individual, as he has not been a captive of LDP factions, unlike most Japanese prime ministers. He rules over 12m residents, with several million more office workers commuting to the capital each day, and he has exercised immense power over the renovation of the city.

But the LDP leadership decided that the governor should stand aside for the television personality, Mr Hisanori Isomura, 61, who is preferred by opposition parties that the LDP is cultivating in the national parliament. LDP leaders have masked this motive by arguing that the governor, who appears remarkably vigorous, is simply too old and may wilt before the four-

year term ends. Until this week, much of the backstabbing had been done in private, but the LDP has gone public with its frustration over Governor Suzuki and its displeasure with

the Japanese press has drawn attention to the wife of the building's architect, who has been dubbed 'Imelda', as in Imelda Marcos of the Philippines, for her alleged influence on city politics.

He is seen as a touch eccentric, but is also regarded as a 'man of action', a stark contrast to the public perception of the average Japanese politician.

Mr Inoki, who left Tokyo yesterday to visit Pope John Paul II and, perhaps, Iraq's Saddam Hussein, said that 'wherever there is confusion, there is a role for me'. However he has personal reasons for tackling Mr Isomura, having never forgiven the commentator for dismissing his contest with Ali as a farce. Inoki spent most of the bout on his back, fending off Ali with his feet.

"When I saw Isomura's face on television, I felt an anger, and then I decided to stand. If you look at

The photogenic former wrestler who left yesterday to visit the Pope said: 'Wherever there is confusion there is a role for me'

Tokyo branch officials who continue to support him. Unflattering newspaper reports, apparently planted by the LDP, have hurt the governor, who has left himself open to criticism by commissioning multi-billion dollar projects seen as monuments to his reign.

His reputation for frugality was damaged by a scandal over the alleged sumptuousness of his bathroom in a new ¥145bn (¥566.4m) Tokyo government complex, while

But the governor remains popular for having brought the city back from bankruptcy, and the count will be close between him and Mr Isomura. The former wrestler, Mr Antonio Inoki, who went 15 rounds with Muhammad Ali in 1976, is also not to be taken lightly.

The jut-jawed Mr Inoki, leader of the Sports and Peace Party, is already a member of Japan's upper house, and won general acclaim for securing the release of Japanese hostages in Iraq.

day to visit Pope John Paul II and, perhaps, Iraq's Saddam Hussein, said that 'wherever there is confusion, there is a role for me'. However he has personal reasons for tackling Mr Isomura, having never forgiven the commentator for dismissing his contest with Ali as a farce. Inoki spent most of the bout on his back, fending off Ali with his feet.

"When I saw Isomura's face on television, I felt an anger, and then I decided to stand. If you look at

Isomura's face, you can see he is not a serious politician," Mr Inoki said.

The presence of the quotable, photogenic Mr Inoki has ensured that the coming weeks of the campaign will be a national event, and that the embarrassing LDP rift is highlighted for all to see. It will also put pressure on the ruling party's leaders to take public responsibility if their candidate fails.

Fame is also in Mr Isomura's corner, as he is known to most Japanese as 'Mr NHK' for his high-profile work at the national broadcasting station. His face has become a symbol of Japan's embrace of 'internationalism', a tag he wears proudly on the sleeve of a Pierre Cardin suit.

Mr Isomura has suggested that if he were not in television, he could earn a living with his French language skills. He has also written several volumes about life generally

in a series loosely translated as 'A Touch of Sophistication'.

He is personally close to LDP factional heads, and married into a corporate network that includes executives at Ajinomoto, Japan's largest food processor, and Showa Electric Wire, a wire and cable company in the Toshiba group.

"I used to think that I would like to remain a reporter all my life, but have now decided to run and will do my best. I want to create a beautiful, international Tokyo," Mr Isomura promised, with the prime minister, Mr Toshiro Kaifu, beside him.

While the candidate conceded that Governor Suzuki's work has been 'excellent' and that the campaign will be conducted 'respectfully', the governor himself preferred to use fighting words.

"Now that these things have come to pass, I will face the fight in a scrum with the various organisations and people who support me."

Concern rises as US credit crunch worsens

By Michael Prowse in Washington

THE US "credit crunch" - the apparent unwillingness of banks to lend - is still worsening, according to the latest survey of bank lending practices by the Federal Reserve, the US central bank.

The Fed said a survey of senior loan officers in January indicated "a further overall tightening of business lending standards and terms in the last three months."

Concern that the unwillingness of banks to lend is exacerbating the recession has prompted a loosening of US monetary policy in recent months, culminating in last week's half point cut in the discount rate to 6 per cent.

The survey shows that about a third of domestic banks tightened credit standards for approving commercial and industrial loans in the final quarter of last year. But there are signs that the pace of credit tightening may be slackening - a previous survey covering the third quarter found that nearly 50 per cent of banks had imposed stricter terms on borrowers.

However, the pace of credit tightening appears to be still accelerating at the US branches of foreign banks. Nearly 90 per cent of branches tightened loan terms and conditions in the fourth quarter,

compared with 70 per cent in the previous three months.

Loan officers at domestic banks cited deterioration in the general economic outlook and problems of particular industries as the most important reasons for the tightening. Pressure on capital positions appeared a less significant factor, although some banks cited deterioration in the quality of their loan portfolio - a possible indicator of future erosion of shareholders' funds.

Regulatory pressures were also cited as a reason for tightening credit conditions.

Foreign banks rates said pressures on capital and the general economic climate were main reasons for tightening loan terms.

Many domestic banks said they raised the cost of business credit in the fourth quarter while simultaneously cutting the maximum size of credit lines.

More than a third also imposed tighter collateral requirements on loans. The survey indicates many business borrowers turned away by one bank got credit elsewhere, including bond and commercial paper markets. But a number of small and medium-sized companies had to postpone borrowing and spending plans.



Two men narrowly save themselves from being swept away in floods which hit the Australian town of Inverell

S Korean shipyard hit by strike over pay

By John Ridding in Seoul

THOUSANDS of workers at Daewoo Shipbuilding and Heavy Machinery, South Korea's second largest shipyard, went on strike yesterday in support of demands for higher pay and better working conditions.

The strike comes amid fears that inflation and last year's relatively low wage settlements could prompt turbulent

wage bargaining in South Korea this year.

It is the latest in a series of disputes which have disrupted production at the shipyard since the mid-1980s.

A spokesman for the union, which represents about 10,000 of the company's 11,570 workers, said the strike was prompted by failure to agree the level of bonuses, its opposi-

tion to the "no work, no pay" principle and introduction of family allowances.

The company said that it did not expect the strike to last long and that labour and management would continue negotiations until February 15, the day before the start of the lunar new year holidays.

About 50 radical workers occupied a 34-storey crane at

the shipyard, which is situated in Koje Island, off Korea's south-eastern coast, according to Yonhap, the South Korean news agency. Striking workers have also built barricades at several of the shipyard's entrances.

Daewoo Shipbuilding and Heavy Machinery is part of Daewoo Group, one of Korea's four largest conglomerates.

Australia fails to resolve mining row

By Kevin Brown in Sydney

THE future of mining near the Kakadu national park in Australia's Northern Territory remained unresolved yesterday after the release of an inconclusive report by the federal government's Resources Assessment Commission.

The report said a mine at Coronation Hill, in a conservation zone adjacent to the park, would have only a small environmental impact, but there were "uncertainties" which it might not be possible to resolve.

The government will decide later this year whether to allow mining, following a final report from the commission.

The future of Coronation Hill is widely seen as a test case of the influence of Australia's powerful Green movement over the federal Labor government, which it supported at the last general election.

The mining industry has fought hard to have the proposal approved, arguing that rejection would set the scene for other projects all over Australia to be blocked.

Mr Justice Stewart, chairman of the commission, said the mine would have a net benefit to the economy of about A\$82m (£32.8m) a year, which would marginally improve Australia's external debt problem.

However, the economic loss which would be caused by a ban on mining could be mitigated by developments elsewhere in Australia if the Coronation Hill ban was regarded

as a special case.

The report said the Jawoyn Aboriginal tribe, the traditional owners of the land, were opposed to mining, and that there appeared to be significant impediments to Aboriginal employment if the project proceeded.

The government is sensitive to the views of Aboriginal landowners, especially in cases such as Coronation Hill where there is evidence that the area has religious significance.

The mining industry says the tribe has changed its mind about the project several times, and claims it has not been given an opportunity to correct misleading information given to Aboriginals by environmentalists.

The report was welcomed by the Wilderness Society and the Australian Conservation Foundation, two of the largest Green groups, and by pro-development spokesmen for the opposition Liberal Party and the mining council.

Mr John Quinn, managing director of Newmont Australia, the mining company which owns the Coronation Hill lease, said the report vindicated the company's claims that there were no environmental impediments to development of the mine.

The Wilderness Society said the report provided grounds for a mining ban, and claimed permission to mine would be a kick in the teeth for the cause of national reconciliation with Aboriginal people.

Banks face 25% rise in deposit insurance

By Peter Riddell, US Editor, in Washington

US BANKS are likely to have to pay at least 25 per cent more in the premiums they pay to the federal deposit insurance fund to help ensure its solvency in the face of a wave of bank losses.

The Federal Deposit Insurance Corporation is due to meet later this month to consider how to recapitalize the fund which is under severe pressure and could be totally depleted by the end of this year if the recession deepens.

Mr William Seidman, chairman of the FDIC, has said the size of the premium increase will depend on how much it decides needs to be borrowed and hence on what flow of income will be required to service any loans. The FDIC may need additional borrowing authority.

Premiums were raised at the

beginning of this year from 12 cents to 15.6 cents for each \$100 of deposits.

If the bank insurance fund needs to borrow \$10bn this might involve a premium increase of between 3.5 and 4 cents, but if, as is more likely, borrowings of \$15bn are required, then the rise may have to be 5 or 6 cents. This is the maximum which he believes the banks could reasonably handle.

Talks between the FDIC and the Treasury and the banking industry are aimed at reconciling the need to avoid a direct call on taxpayers and squeezing the banks excessively.

Mr Seidman has also made plain his opposition to several aspects of the Treasury's bank reform plan, notably the proposed shake-up of regulatory agencies.

Mexico's inflation rate edges down in January

By Damian Fraser in Mexico City

MEXICO'S consumer prices rose by 2.5 per cent in January, bringing the increase in the past 12 months to 27 per cent, down from 29.9 per cent for the whole of 1990.

The price increase is slightly down on December's rate of 3.2 per cent and is well below last January's increase of 4.8 per cent. January and December are traditionally high inflation months in Mexico, as prices tend to be adjusted at the end or beginning of the year.

This year's January rate was pushed up by increases in telephone charges.

The government has forecast that the inflation rate will fall to 14 per cent in 1991.

However, 1990's inflation rate turned out to be almost twice as high as the official forecast, partly thanks to the fall in the US dollar, to which the Mexican peso is linked. If the dollar continues to drop, this year's forecast is also likely to be off mark.

NEWS IN BRIEF

Chandra Shekhar rules out early poll

INDIA'S prime minister, Chandra Shekhar, yesterday ruled out early elections, Reuters reports from New Delhi. There has been speculation in India, which has had three governments in the last two years, that former prime minister Mr Rajiv Gandhi's Congress party may withdraw vital parliamentary support from Mr Chandra Shekhar's minority government because of disagreement on several issues, including India's stand on the Gulf War. The Congress party has criticised the government for allowing refuelling facilities to US military aircraft in India.

Malaysian inflation rate up

Malaysia's consumer price index rose an average of 3.1 per cent in 1990, accelerating slightly from the 1989 rate of 2.8 per cent, the government statistics department said yesterday. AP-DJ reports from Kuala Lumpur. Month-on-month inflation grew more sharply in December at 4.1 per cent from December 1989, driven by seasonal food price increases and by tax-related price hikes for alcoholic beverages and tobacco.

Chinese minister to visit Europe

Chinese Foreign Minister Qian Qichen will visit seven European countries later this month, the official Xinhua News Agency reported yesterday. AP reports from Beijing. Qian will be the highest-ranking Chinese official to go to Europe since 1989, when most western nations cut off high-level contacts in protest at the crackdown on the pro-democracy movement.

Former governor in hospital

Sir John Kerr, the former Governor-General of Australia who defected to the left-wing Whitlam Government in 1976, is being treated for a brain tumour in a Sydney hospital, Kevin Brown writes from Sydney. Sir John, 77, became Governor-General and head of state in 1974. He triggered Australia's most serious constitutional crisis when he responded to a parliamentary stalemate by dismissing the then Labor government headed by Mr Gough Whitlam. The dismissal opened the way for a general election which was won by the conservative opposition parties led by Mr Malcolm Fraser.

Cambodia fighting flares

The Phnom Penh government said yesterday it had counter-attacked against non-communist guerrillas on Cambodia's north-western fringes, destroying two tanks and killing scores of fighters, Reuters reports from Bangkok.

Somali president 'still controls country'

DEPOSED Somali president Mohamed Siad Barre, who fled the capital Mogadishu last month, still controls most of the country and is trying to rally support for peace talks, one of his ministers said yesterday, Reuters reports from Nairobi.

"The president retreated from Mogadishu and is now touring the regions. He's still legal president," said Mr Abdulrahman Jama Barre, a cousin of Siad Barre and dep-

uty prime minister in his ousted government.

Mr Jama Barre, who was also finance minister, said Mr Siad Barre was now in Bay region, about 240km south-west of Mogadishu, together with more than 15 ministers and other senior members of his government.

His claims that Siad Barre controlled most of the country appeared exaggerated.

Rebels of the United Somali Congress (USC) overran

Mogadishu on January 27 after a month of fierce fighting and forced Mr Siad Barre, in power since a 1969 coup, to flee the city.

The USC, one of three main rebel groups which fought for several years to depose Siad Barre, has taken control of the city and appointed as interim president Ali Mahdi Mohamed, a Mogadishu businessman.

Mr Mahdi Mohamed last week appointed an interim cabinet, saying he planned to call

in all of Somalia's former opposition groups to form a broad-based administration.

The three rebel groups - the USC, the Somali National Movement and the Somali Patriotic Movement (SPM) - controlled much of the country before the USC began attacking Mogadishu in late December.

Factions of the USC and of other rebel groups abroad have protested over the appointment of Mahdi Mohamed.

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مكتبة النور

INTERNATIONAL NEWS

Disclosure recommendations perturb officials

Confidentiality fears in EC anti-dumping case

By David Gardner in Brussels

IN what could be a landmark decision on EC anti-dumping legislation, the Advocate General of the European Court of Justice has recommended that duties imposed on a Saudi Arabian petrochemicals exporter should be withdrawn, and that the European Commission disclose confidential commercial information if this is required to guarantee the complainant a fair trial.

Judgment on the opinion will not be given for several weeks, but Commission officials accept that it will almost certainly go against them, and are concerned that it may as a result increase their disclosure obligations, along the lines of North American legal practice.

"If the judgment mentions this [confidential information requirement] in particular, we will have to take it into account, certainly," one Commission official said privately.

The complaint against the Commission and the European Council (of member states) was brought by the Al-Jubail Fertilizer Company (Saudia) and the Saudi Arabian Fertilizer Company (Safco), joint ventures set up by the Saudi Basic Industries Corporation. They are contesting the 40 per cent anti-dumping duty imposed by the council on imports of urea - a

nitrogen fertiliser and glue component - from Saudi Arabia in November 1987.

Much of the court hearing centred on a straightforward conflict of facts - over the Saudi companies' pricing and indeed whether they were even exporting to the EC - and arguments over the procedures followed, particularly with regard to the Commission's provision of information.

In his opinion, Mr Marco Darmon, the Advocate General, concluded that:

- the Commission had not "adequately taken into account" the principle established in EC case law that "it may not have its decision on facts or elements which have not been disclosed to the parties concerned";
- that some of these elements appeared only in an unregistered letter to the complainants (and internal Commission documents), which may not therefore qualify as evidence.

Commission officials acknowledge they were sloppy in sending the letter via ordinary post, and say they have tightened up since.

the Commission refused to disclose information on the "representative Community producer" and its costs, from which the duty was calculated.

and the Saudi companies had therefore not received a fair trial. "Inasmuch as the amount of the anti-dumping duty was fixed not by reference to the amount of the injury suffered by the Community industry, knowledge of that information was essential to the applicants for the defence of their interests," Mr Darmon said.

In a more general conclusion, he acknowledges the controversy and conflict between preserving confidentiality and ensuring a fair hearing. But he then outlines US and Canadian procedures and their "possible transposition to Community law". Under North American practice, confidential information is usually disclosed to complainants' lawyers under a so-called "protective order system", whereas in the EC only the principles of how the duty was calculated are made available.

Though the Commission has slipped up before on disclosure requirements, notably in an anti-dumping case involving NTN Toyo Bearing of Japan in 1979, this is the first time that less than punctilious observance of procedure has brought with it the threat of radically more liberal disclosure rules.

Rio revels, but Carnival feels the pinch

Economic woes cannot be entirely forgotten this year, writes Christina Lamb

THE doom and gloom of war in the Gulf and yet another economic crisis at home will be drowned out in Brazil for the next four days by the pounding beat of a thousand samba drums. The country will give itself over to the hedonistic task of enjoying Carnival, "the biggest party on earth".

"This is Brazil's most important contribution to the world - its factory of happiness," says Mr Joazeiro Trinta, one of Carnival's most flamboyant stars.

"We may have high inflation, social problems, children killed on our streets, but we have soul and a people without soul are a people without hope."

These are brave words amidst the country's fifth and most severe austerity package in as many years.

Brazil's economic woes cannot be totally forgotten in the wine, music and song which Carnival traditionally revolves around. This year the country's major tourist attraction is expected to make a loss for the first time in its history.

Tourism has dropped an estimated 50 per cent over the last two years, foreigners deterred by Rio's reputation for

violence and crime. The fall in international air travel caused by fear of terrorist attacks sparked by the Gulf crisis was the final nail in the coffin.

In Rio, the economic survival of which greatly depends on tourism, there are only 20,000 tourists in town this year, 50 per cent of them from abroad. Hotels such as the Copacabana Palace, the Rio Palace and the Caesar Park still have empty rooms despite the special packages they have been advertising.

Domestically the worst recession for a decade has put a damper on the "spend, spend, spend" attitude which usually is the main feature of this last fling before Lent. Many large companies and multinationals hit by an 8.5 per cent drop in industrial activity have cancelled the boxes they traditionally reserve in the specially built futuristic sambadrome through which the Carnival parade passes.

According to Mr Trajano Ribeiro, president of Riotur which organises Carnival, this year losses are possible. Last year it made \$2m profit. He explained: "We have seen successive economic plans. Businesses are in difficulties. A business which usually takes

40 boxes this year will take 20. Many groups of foreign tourists have cancelled."

With unemployment beginning to rise, Brazil's working classes, for whom Carnival is the yearly highlight, are reluctant this year to fork out money for "fantasies", the exotic costumes of glitter and feathers required to participate in Carnival parades.

In fact, Carnival - which originated in the streets and the rhythms of which are based on those of Brazil's African slaves in the last century - has in recent years become very much a middle class activity.

But this year even the middle classes, who usually think nothing of spending \$100 on a fantasia or \$40 or more for tickets to the numerous carnival balls, are holding back. This is partly because many have money frozen amongst the \$350 still held by the government of President Fernando Collor after a draconian assets squeeze last year.

The 16 main samba schools, which have been taking more than 50,000 participants through the steps for the two-day parade, have been holding auctions and benefit concerts in a desperate attempt to raise money to help

finance their groups as they too still have blocked much of the finances they generally receive from the heads of the city's illegal gambling game.

Even Carnival songs reflect the situation. One about history repeating itself in the year talks of a President elected in the year 3989 who on taking office wipes out all 3989 who on taking office with a single karate chop, then confiscates everyone's money. Another criticises President Collor's liberalisation policies, claiming the country's integrity is being contaminated by imports.

But come tomorrow night, as the first drums near the sambadrome, such thoughts will be put aside. Worries over shortages on shop shelves caused by the new price freeze will be drowned in sugar cane liquor available in excess.

Petrol workers voted to delay a nationwide strike to "first enjoy Carnival". The Collor government cannot take a brief respite from mounting criticism. The only reminder of the faraway war will be the large number of Saddam tanks, this year's most popular buy.

For the majority with no cruzeiros to spare, Carnival will once more go back to the streets, where music and dancing at least are free.

Brundtland warning on EC membership in Europe debate

By Karen Fossil in Oslo

MRS Gro Harlem Brundtland, Norway's prime minister, yesterday warned that Norway would be forced to take a stand on membership in the European Community if the Storting (parliament) rejected the 18-nation European Economic Area (EEA) agreement currently being negotiated.

Mrs Brundtland gave her warning on Thursday night at a closed gathering of leaders in Norway's business and industry community, but was leaked to the state-owned radio.

A recent poll in a national newspaper indicated a three-way split on the EEA between those in favour, those opposed and those with no opinion, but this is not believed to be indicative of Storting sentiment, which has yet to be polled.

The EEA treaty, which covers the free movement of goods, services, capital and people and eliminates trade barriers by creating equal rules for competition, is meant to be signed in May, but some of its features will require a three-quarters-majority backing by the Storting.

Discussions are under way in the EC and EFTA, calling for EFTA to form a body or mechanism similar to the EC's commission which can supervise and enforce laws within the EEA. This would mean that some of the decision-making power on national issues held by the Storting would be turned over to the multi-national EFTA surveillance body. It is this aspect of the EEA

which is raising hackles in the Storting.

The broad political sentiment in Norway about the EEA has become more important again, just three months after the minority Labour party came to power. It led to the demise of the previous three-party, centre-right coalition government, which was accused of secrecy about the negotiations.

To avoid the same fate and to help gather support, Mrs Brundtland has mounted an intense information campaign about the status of negotiations around Norway.

Recently, a group of 12 professors at Norway would be better served by abandoning the EEA in favour of renegotiating its free trade agreement with the Community.

Mrs Eldrid Nordboe, minister of trade and shipping, argues that allegations by the Community of Norwegian dumping of light metals and fish prove that the free-trade agreement does not effectively defend Norway's export industry against the EC's use of anti-dumping measures.

About 70 per cent of Norway's exports go to the EC and 20 per cent more to EFTA. Mrs Anne Inge Lahnstein, the leader of the tiny anti-EC Centre party, yesterday accused Mrs Brundtland of threatening EC membership in order to gain support of the EEA treaty. In 1972 a referendum on membership narrowly kept Norway out of the EC.

Sweden considers timing of application

By Robert Taylor in Stockholm

SWEDEN is considering whether to apply for membership of the European Community before the end of the year.

The ruling Social Democrats have not yet made a firm decision to do so but many in the government believe it would make tactical sense to make such a direct approach to Brussels by mid-June at the latest.

Sweden's application would go into its summer recess and in the run-up to the country's general election on 15 September.

The four main political parties now favour Swedish membership of the EC as long as it can be compatible with the country's neutrality in foreign and defence policy. Last October the government first expressed its intention for an eventual EC application but

the impetus to do so has increased since then.

Mr Ingvar Carlsson, prime minister, would like to thwart opponents who have said they will make a membership bid in the autumn if they win the election. An early application would also defuse the EC as a campaign issue.

Negotiations between the EC and the European Free Trade Association, in which Sweden is a prominent member, have reached a delicate stage on the proposed creation of a European Economic Area but Sweden hopes there will be a breakthrough by April, enabling it to go ahead with an EC application. The EEA would come into force on January 1 1993 and is a transition stage for full EC membership for Sweden.

Norwegians win most Oslo oil licences

By Karen Fossil

NORWAY yesterday offered 14 of 22 offshore oil and gas exploration licences to Statoil, Norsk Hydro and Saga Petroleum, three domestic oil companies, with the remaining eight licences on offer to the Norwegian units of six foreign oil companies.

The 14th licensing round, announced last year, offered a total of 52 blocks in the North Sea, off mid-Norway in the Norwegian Sea and the Barents Sea.

However, some blocks received multiple bids and others none, resulting in the offer of 22 licences covering 35 blocks or part-blocks.

Domestic oil companies, the unit of Statoil, the Norwegian company, was the only company offered a licence for the first time, but the offers were made to the highest concentration of Norwegian companies in the country's 25-year oil and gas exploration history.

Industry and government sources suggested that because Statoil is seeking to acquire a 30 per cent stake in Vermdstad Gas (VNG), the main German gas supplier and pipeline operator, it may have been advantageous to offer Deminor a licence.

Distinctly absent from the list of companies offered licences were the two Norwegian units of Paris-based Elf Aquitaine and Total-GFP.

Statoil was offered six licences, Norsk Hydro five and Saga Petroleum three. Of the six foreign oil companies, the Norwegian units of Exxon and Shell were the only ones to be offered two licences each. British Petroleum, Conoco, Mobil and Deminor were all offered one licence each.

The ministry did not give details of the blocks offered, but it said that the oil companies had until February 20 to accept.

E German councils facing bankruptcy

By David Goodhart in Bonn

THE Bonn government has promised a new plan by the end of the month for local authority financing in east Germany, as an increasing number of towns and communities and even the five new east German states face bankruptcy.

This week the towns of Schwerin and Leipzig said they would not be able to pay their bills next month unless they got emergency help.

The government says it has paid out DM4bn (\$1.3bn) in February alone from the German Unity Fund to cover local authorities' liquidity problems. But a longer-term solution is required to bring local authority income into line with spending and it is clear that the west German states will have to pay the lion's share.

So far the west German states have carried little of the financial burden of unification. They are covering only the interest payment on part of the DM15bn Unity Fund, and the new states are not being allowed to enjoy all the financing privileges of the old states until 1994.

The old states have now agreed to pay out an additional DM15bn to the new states in the current year, but this has been rejected as insufficient by the Bonn government as well as by the new states themselves, some of whom are threatening to go to the Constitutional Court unless they get a more favourable settlement.

Western German manufacturing orders rose a price- and seasonally-adjusted 0.88 per cent in December from November and were up 1.54 per cent over December 1989, the Economics Ministry said yesterday. November orders were revised downward, to show a drop of 3.87 per cent from October.

PDS elects Occhetto as first leader

By John Wyles in Rome

MR Achille Occhetto was safely elected in the second attempt yesterday to secure an absolute majority of the former Communist party's national council, the new leader was given a comfortable 71.5 per cent of the vote. This suggests that his 378 supporters included some members of the left who had opposed the Communist party's change of name and identity. Some 127 votes were cast against him and there were 17 abstentions.

After the election, Mr Occhetto said he planned to try to build bridges with Italy's other lay parties through a series of meetings with their leaders. He hopes the PDS will become the focus for an alternative coalition to those led by the Christian Democrats, who have governed Italy for the past 45 years.

Airbus expects 50% fall in orders as air traffic dwindles

By Charles Leadbeater in Toulouse

AIRBUS Industrie, the European aircraft consortium, expects its order intake this year to be less than half the volume of 1990, as airlines reduce orders in response to rising costs and falling traffic volumes.

Mr Jean Pierson, Airbus's managing director, said that after winning 404 orders last year, the consortium expected to win 170 orders this year. Despite the fall in orders, Airbus's deliveries are projected to rise sharply from 85 in 1990 to 170 this year.

The fall in orders comes as the cohesion of the consortium is threatened by a row over competing plans to develop small regional jets.

Industry ministers from the four countries involved in the consortium - Germany, France, the UK and Spain - have stepped into the row by asking Airbus to clarify its plans at a meeting with the ministers scheduled for the Paris Air Show in June.

Mr Pierson has warned the four partners in the consortium - Deutsche Airbus, Aerospatiale of France, British Aerospace and Casa of Spain - that Airbus's credibility with its customers could be seriously undermined if they pursued competing plans to develop separate small jets.

The ministers' intervention will strengthen Mr Pierson's argument that the four companies should allow Airbus to develop a 130-seat version of its A-320 aircraft. This Airbus project would take precedence over separate aircraft being planned by British Aerospace and a group which includes Deutsche Airbus and Aerospatiale.

The row is one of the first tests of the power of Deutsche Airbus, which was created last year as part of a sweeping reorganisation of the German aerospace industry. The group, which is owned by Daimler Benz, the industrial combine, wants to develop a regional jet as part of its strategy to become a leading force within the worldwide aerospace industry.

Mr Pierson said the forecast fall in orders had been prepared before the outbreak of the Gulf war. In the last two months of 1990 the group's order intake fell to nine a month.

If this rate was maintained in 1991 it would win only 108 orders this year.

At the same time, however, Dr Leonid Abalkin, the former deputy prime minister and leading economist, has forecast that cash incomes will exceed the budgeted target this year by at least the same amount - Rbs40bn.

The monetary reform was aimed at cutting the estimated Rbs130bn in circulation by at least 20 per cent, or Rbs 26bn. The move, announced more than two weeks ago, caused widespread panic, and many who sought to exchange their high denomination notes for those of lower value were unable to do so, or to convince

Gennady Titov, formerly chief of KGB operations in what had been East Germany. Like Gen Grushko, he had in the early 1980s had a special responsibility for western Europe, particularly for the UK, Ireland and Sweden. He had successfully "travels" to long-term spies recruited from within the Norwegian diplomatic service.

In the recently published book, KGB, the co-author and former senior KGB officer Oleg Gordievsky remembers him as "the most eloquent and unprincipled KGB officer" he had ever met. Gen Titov's own father had been shot in the late 1930s by the KGB's forerunner, the NKVD.

Announcing the reshuffle yesterday, Mr Kryuchkov said the changes had taken place only after "certain questions had been decided at the level of the president".

But following the decree by Soviet President Mikhail Gorbachev denouncing the poll as "juridically inconsistent", the Communist party and the army have stepped up pressure for people to stay at home.

The Soviet Army's Baltic Command has announced that it will begin 10 days of manoeuvres on February 10, the day votes will be counted in Lithuania's referendum.

Leaflets dropped by army helicopters in recent days over the town of Kaunas warn people that a yes vote will mean "death" for Lithuania. The leaflets are signed by a "USSR Citizens' Committee" which has come to the fore since a mysterious National Salvation Committee was discredited by Soviet army violence last month.

Soviet troops killed 13 unarmed civilians when they seized the republic's main television and radio stations on January 13. The buildings are still occupied, along with others including the central newspaper publishing house.

In factories across the republic, Communist party activists have been tightening non-Lithuanian workers with tales of how they will lose their pensions if Lithuania becomes independent.

'Money move cut Rbs40bn'

By John Lloyd

THE Soviet government's efforts last month to cut the huge heap of excess cash in circulation in the economy by issuing 50 and 100 rouble notes has succeeded in pulling in some Roubles 40bn from a total of Rbs48.2bn of these notes in circulation at the beginning of the year - according to the State Bank.

At the same time, however, Dr Leonid Abalkin, the former deputy prime minister and leading economist, has forecast that cash incomes will exceed the budgeted target this year by at least the same amount - Rbs40bn.

The monetary reform was aimed at cutting the estimated Rbs130bn in circulation by at least 20 per cent, or Rbs 26bn. The move, announced more than two weeks ago, caused widespread panic, and many who sought to exchange their high denomination notes for those of lower value were unable to do so, or to convince

the authorities that they had been earned legally.

Mr Valentin Pavlov, the Soviet prime minister and former finance minister, has called for measures to be taken to ensure that the high-value cash blocked in the banks does not "find its way back to dishonest people".

Dr Abalkin's warning of a further uncontrolled printing of money comes in an article in the weekly paper Argumenty i Fakty, in which he also forecasts that industrial production will fall this year by Rbs22bn, or 1.5 per cent. National income will decrease by the same proportion, a total of Rbs15bn. Within that fall, however, there will be a further marked shift from heavy industrial production - the sector is forecast to decline by 4 per cent - while output of consumer goods is forecast to grow by 4 per cent.

The former deputy prime minister - who for 18 months sought to preserve a middle way between conservative and radical plans - says that investment in the economy as a whole will decline by 15.5 per cent, and industrial investment by 28.7 per cent.

Dr Abalkin says "there is no economic solution for the existing problems". Instead, he advocates a political package aimed at stemming the crisis, with suspension of a number of laws and a ban on strikes.

He calls for the formation of a government of national unity "composed of people enjoying the unconditional trust of the people", which could carry through unpopular measures, in particular the cessation of further growth in income.

He says the present crisis is pushing the country towards a strong-arm government. This would be a "response to the persistent requests of the masses, and a dictator would appear in the role of a saviour."

"We consider that we live without a president, without a president who would defend the interests of old. He is not carrying out his duty, which is to defend the Soviet constitution. The Lithuanians aren't happy with him either, but who is?"

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Lithuanians fighting back with ballot boxes

By Leyla Boulton in Vilnius

ONE month after Soviet paratroops stormed the Vilnius television tower, Lithuanians are fighting back with ballot boxes.

Today, the defiant Baltic nation goes to polling stations to answer one question - "Do you want a democratic, independent Lithuania?"

The result of what is described here as a nationwide "opinion poll" will not doubt be a resounding "yes". Its aim is to display public support for the Lithuanian parliament's declaration of independence nearly a year ago, and to bolster the republic's campaign to break with Moscow.

Particular efforts are being made to persuade the republic's 20 per cent minority of non-Lithuanians to express their view and to counter Soviet propaganda which claims that they are oppressed.

President Mikhail Gorbachev denouncing the poll as "juridically inconsistent", the Communist party and the army have stepped up pressure for people to stay at home.

The Soviet Army's Baltic Command has announced that it will begin 10 days of manoeuvres on February 10, the day votes will be counted in Lithuania's referendum.

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main television and radio stations on January 13. The buildings are still occupied, along with others including the central newspaper publishing house.

In factories across the republic, Communist party activists have been tightening non-Lithuanian workers with tales of how they will lose their pensions if Lithuania becomes independent.

The Soviet government wants Lithuania to take part in an all-union referendum on March 17 instead. This will ask voters across the Soviet Union whether they want to be part of a "renewed union of sovereign socialist republics". But the Lithuanian government has already said it will refuse to hold the referendum, describing it as "interference by a foreign state".

Setting aside the brave rhetoric, it fears that the referendum would lock it

into Soviet secession legislation. This requires a five-year transition period and final approval by a two-thirds majority in the Soviet parliament before a republic can leave the Soviet Union.

Mr Valery Ivanov, co-chairman of the Yedinstvo (Unity) organisation which is campaigning to keep Lithuania Soviet, says there may be attempts to go ahead with next month's referendum anyway. But Mr Ivanov also expressed anger at Mr Gorbachev for not taking firm measures to bring the rebel republic under control.

"We consider that we live without a president, without a president who would defend the interests of old. He is not carrying out his duty, which is to defend the Soviet constitution. The Lithuanians aren't happy with him either, but who is?"

UK NEWS

Lockheed set to take control of Luton airport

By Michael Cassell, Business Correspondent

LOCKHEED CORPORATION, the US aeronautical group, is set to acquire a controlling interest in Luton International airport in Bedfordshire, where it plans to implement a modernisation programme thought likely to cost up to £50m over the next 15 years.

The general purposes committee of Luton borough council is recommending the council accept a £25m offer from Lockheed Air Terminal (UK), a Lockheed subsidiary, to purchase around 60.1 per cent of the airport. The balance of the equity, valued at £7.2m, will be retained by the council.

Lockheed's offer is £2m more than its original bid, though the figure is thought to be considerably lower than the council's original expectations. The proposed deal is expected to be endorsed by the full council later this month as the basis for exclusive negotiations with Lockheed.

The council believes the airport requires an initial £50m expansion and modernisation programme, though up to £150m may ultimately be needed. The government did not give the council permission to raise the necessary funds, and following advice from the County NatWest, in March last year it decided to sell its majority shareholding in the airport. By November four bids had

been submitted and two were chosen for final consideration. Lockheed made a presentation of its proposals to the council on Thursday, shortly after the last-minute withdrawal of Luton and District Transport, the only other remaining potential purchaser of the airport.

The purchase of Luton, which handles 3m passengers a year, will represent a major boost for Lockheed's ambitions to expand its international airport development and management activities. The company is currently also joint contractor with John Laing on the construction of a £70m terminal for British Airways at Birmingham airport.

A statement from Lockheed last night said it intended to develop Luton into a major airport serving London and the region. It expects the deal to be concluded by early April.

Lockheed is likely to consider building a new passenger terminal, control tower and parallel taxi-way which would enable the complex to handle around 5m passengers a year. However, the company said it wanted to consider the implications of Ryanair's recent decision to switch many of its services from Luton to Stansted. Nevertheless, Lockheed said it did "not contemplate failing" in its bid.

Midland puts charge on its credit cards

By David Barchard

MIDLAND BANK yesterday bowed to growing pressure from the market and introduced a £10 charge on its Access and Visa credit cards in a move aimed at reviving the profitability of its cards operations.

To compensate for the charge, Midland has cut its rate to borrowers from 2.35 per cent a month (annual rate 28.1 per cent) to 2 per cent a month (annual rate 24.5 per cent).

The move comes as nearly all banks struggle to make a profit on their credit card operations. The 1990 year-end results of the four largest clearers due to be announced in the next few weeks are expected to show losses by several of the largest credit card issuers.

Banks are under pressure as income dwindles on both sides of their credit card business. American Express, the commission they pay on credit card transactions down from 2.1 per cent two years ago to an average of 1.65 per cent, while over 40 per cent of all credit cardholders pay their accounts in full each month, avoiding interest charges.

Lloyds and Barclays introduced credit card charges early last year. Each lost well over 500,000 customers by doing so,

but they claim to have enhanced the profitability of their credit card operations.

National Westminster is now the only one of the big four clearing banks not charging for credit cards. There is widespread expectation in the industry that it is only a matter of time until it follows the others. Yesterday NatWest said it was reviewing credit card charges and could not rule out a change, though such a move was not close at hand.

Another large bank, TSB, which has an annual interest rate of 31.3 per cent on its cards, said it had no plans to introduce charges.

Unlike Barclays Bank, which offered customers incentives to pay an annual charge, including a package of additional cardholder benefits, including free insurance, similar to those provided by American Express, there is no title to Midland's credit card fee proposals.

Midland now faces several weeks in which indignant customers close their credit card accounts. The bank has set up a "hotline" telephone line for cardholders on 0702 455290, which will operate from Monday. The annual charge will be included on statements from April 10.

Bombing may not lead to new police powers

By Jimmy Burns

INCREASED police protection of politicians and new parking controls near government buildings will almost certainly form part of a major security review under way following Thursday's IRA mortar attack in Whitehall, officials indicated last night.

However the government is resisting calls for more sweeping measures, including streamlining security agencies and giving police more stringent emergency powers for dealing with terrorism.

"No new legislation is planned. The police have significant powers under existing temporary provisions to deal with the threat of terrorism," the Home Office said.

Earlier Scotland Yard's Anti-Terrorist Squad tried to head off suggestions that a major

security lapse was behind the IRA attack.

Officials said the transit van from which the mortars were fired at Downing Street had been "abandoned for less than two minutes" and not, as claimed in the House of Commons by Mr. Merlyn Rees, the former Labour home secretary, parked for nearly eight minutes prior to the attack.

Security sources in Dublin yesterday said that two known IRA active service units had the necessary expertise for the attack but that a number of IRA terrorist suspects who should have been under surveillance had in fact been untraced for several months. Sources also said the mortars had been constructed in Britain, rather than smuggled in from Ireland.

Warning brings a new twist to the Fimbra problem

Richard Waters on the implications if the self-regulator for independent financial intermediaries folds

THE financial stability of the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), the self-regulatory organisation for independent financial advisers, has been doubtful since the body came into existence after the 1986 Financial Services Act.

But then, there have also been question marks over the financial stability of many of its members and a lingering belief in many parts of the investment world that independent advisers would inevitably be sucked in to becoming sales agents for particular life assurance companies.

So the news this week that Sir Gordon Downey, Fimbra's chairman, had written to Mr John Redwood, the corporate affairs minister, warning of the very real possibility that Fimbra could become insolvent came as little surprise. What it has done is to give a new twist to the problem, and placed it firmly on the desks of Mr Redwood and Sir David Walker, chairman of the Securities and Investments Board (SIB).

Both have on many occasions expressed their commitment to keeping a healthy band of independent financial advisers in the UK, rather than leave consumers in the hands of salespeople linked to the life companies and the unit trust groups responsible for mass market investment products. They are now being put on the spot. If Fimbra goes under, many members will be forced to do a life company or close down. Consumers will be the losers. The threat to them is that some find themselves outside the scope of the Investors' Compensation Scheme, which pays up to £48,000 per claim, if they lose money because an investment firm goes bust.

Fimbra has attacked the current scheme, financed largely by contributions from each self-regulatory organisation's (SRO) members. For instance, if a Fimbra member goes bust, other Fimbra members pay the compensation.

This arrangement, says Fimbra, is unfair if the losses relate in part to actions which took place before August 1988, when the scheme started. Members have to accept unlimited liability for misdeeds which occurred at a time when many

investment firms were actually regulated by the DTI. Fimbra now questions the legality of this compensation scheme and, taking a "can't pay, won't pay" stance, is trying to escape the liability.

This does not necessarily leave investors unprotected. The SIB, which runs the compensation scheme, could try to mount an industry-wide bail-out of Fimbra. Or the DTI, mindful of its own part in regulation before the Financial Services Act, may feel moved to contribute, although this is unlikely. Given the initial resistance to paying compensation to Barlow Clowes investors, it seems unlikely that ministers would dip willingly into the public purse.

Fimbra has made efforts to get on a firmer footing. It yesterday announced completion of a programme of job cuts which reduced staff from 150 to 150, cutting around £1m a year out of its £10m costs.

Protection for investors will not suffer, says Mr Godfrey Jilling, chief executive. The cuts resulted from a reorganisation to reduce administration staff, he says, and reflect a new

approach to checking up on members. This involves shorter, more searching spot checks to identify possible problems such as fraud, rather than long and exhaustive exercises to check compliance with detailed rules.

In the longer term, however, Fimbra believes it has no future as an independent regulator. It has been bailed out twice before by life assurance companies and currently has a financial deficit of £2.5m.

Only a full merger with two other SROs - Lauto, which oversees the marketing of life assurance and unit trusts, and Imro, responsible for investment managers - could underpin its finances. Neither jumps at the idea - or at the idea of an industry bail-out. And the SIB's Sir David has been reluctant in the past to direct the SROs, preferring to leave self-regulation to take its course. But Fimbra says the time for talking is past.

A merger of the three SROs in the retail investment industry, should it occur, would echo the coming merger of the two SROs which oversee the

wholesale investment markets - TSA and AFB.

It would also bring to a head three important questions:

● How should compensation be paid in future? Fimbra favours a levy on all investment products, rather than contributions from individual advisers or salespeople, to spread the cost of compensation across all investors.

● What future is there for the principle that investment firms are either independent advisers or salespeople but never a mix of the two? The SIB is aware that this principle is likely to come under pressure from Europe, as non-UK life companies looking for sales outlets in the UK discover that most outlets have already been tied to life companies.

● What information should people be given about the commissions on investment products they buy? The DTI said last year it wanted more information made available to the consumer. The SIB says it agrees, but that to move to full disclosure too fast would wipe out the independent advisory sector once and for all.

Editorial comment, Page 8



Snow line: a commuter makes tracks for the office yesterday across the rails at London's Waterloo Station

Labour outlines main campaign issues

By Ivo Dawney, Political Correspondent

LABOUR yesterday outlined the main campaign issues to be targeted by parliamentary and local council candidates, following evidence from the party's private opinion polls that its greatest area of concern.

Party officials claimed that the findings confirmed that Labour continued to lead the Tories on its traditional territory of social issues from the National Health Service to education.

However, they also showed the need for a greater promotion of Labour's frontbench team and its proposals for tackling the economic recession and the decline of Britain's manufacturing base.

The research was presented last night to about 50 prospective parliamentary candidates and some 400 delegates at a private session of the party's annual local government conference in Nottingham.

The party's polls showed that 88 per cent of voters identified environmental issues as their greatest area of concern. Substantially fewer - 70 per cent - identified poll tax as a major concern. The NHS and education were highlighted by 81 per cent and 75 per cent respectively.

Some 78 per cent agreed with the statement that interest rates should be lowered immediately, while 58 per cent of the weighted sample agreed with the statement: "Labour cares about people like me."

The poll, conducted by an unnamed professional agency, has been well received by the party leadership which has taken it to confirm that Labour's current slogan, "A

Better Way For Britain", is on target.

It follows a Gallup poll, published yesterday, showing Labour a narrow half percentage point ahead of the Tories at 42.5 per cent.

However, the poll findings have also highlighted the need for the party to step up projection of a positive message and "practical, reliable" policies.

The polls also suggested that the party should do further work on projecting its economic team, particularly Mr John Smith, the shadow chancellor, and Mr Gordon Brown, at trade and industry.

A party official said: "The key message of the research is going the wrong way."

The results were revealed as Labour outlined a charter for local government aimed at

reversing what it described as the creeping central control established over the years by the Conservative government.

In a sustained attack on the Tories' record, Mr Bryan Gould, shadow environment secretary, put the top priority as replacing the poll tax with a "fair and practical alternative".

He also undertook to restore the business rate to the control of local authorities, establish annual local elections, reform the local authority grant system and relax curbs on authorities spending their own capital receipts.

Among other measures being considered by Labour are the possibility of paying some local councillors, ending compulsory competitive tendering by councils and steps to allow authorities to intervene in their local economy.

Levitt case delayed by bad weather

By Raymond Hughes, Law Courts Correspondent

NEITHER Mr Roger Levitt, founder of the collapsed Levitt financial services group, nor his lawyers turned up at Bow Street magistrates' court yesterday, when Mr Levitt had been due to make his second appearance on £265,000 they charged.

Sir David Hopkin, the chief metropolitan magistrate, was told the court had received a letter from Mr Levitt's solicitor saying that, because of the weather, he had advised his client not to attend court.

"It seems rather high-handed," commented Sir David. He asked Mr Fred Cofford, for the Serious Fraud Office, to telephone Mr Levitt's lawyers and ask why they had instructed him not to attend without the court's authority.

"Perhaps they would like to come and explain that to me, today," Sir David said.

Mr Cofford returned with apologies and disclaimers from the lawyers of any intended discourtesy. It appeared that Mr Levitt, who lives in Highgate, had had to abandon his car in London the previous night.

Also, one of the lawyers had been told that the police investigating officer was in the country and had difficulties getting in. Mr Cofford added:

"I still think it's discourteous," Sir David said. If a case had been remanded someone, the defendant or a lawyer, must attend, unless attendance had been excused by the court, he said.

Mr Cofford said the prosecution had to make substantial further inquiries and would be seeking a two- to three-month adjournment.

"This is a major investigation involving very substantial sums of money,"

However, Mr Levitt's lawyers wanted a short adjournment because there were matters they wished to raise with the court.

Sir David adjourned the case until Thursday when, he said, Mr Levitt must attend.

NEWS IN BRIEF

Rolls-Royce workforce cut by 230

THE Rolls-Royce car company yesterday announced a further reduction of 230 in its workforce. The Crewe-based company, which announced the loss of 400 jobs last month, said it hopes the job losses can be achieved by natural wastage and voluntary redundancies.

The luxury car market has been particularly badly hit by the new car sales slump. January 1991 sales of Rolls-Royces and Bentleys fell by more than half compared with January last year.

Figures yesterday from the Society of Motor Manufacturers and Traders showed that total January 1991 UK new car sales fell 20.8 per cent on the January 1990 figure.

Tobacco aid ended

BRITAIN is to rule out aid to all new development aid projects that support the tobacco sector, it was announced yesterday, writes Ivo Dawney.

Mrs Lynda Chalker, the overseas development administration minister, said that the decision had come in spite of recognition that the crop was an important source of revenue in many developing countries.

Replying to a written Commons question, Mrs Chalker said there was increasing evidence that the health risks associated with tobacco placed increasing burdens on already inadequate health budgets in the countries concerned.

Order against LPT

A High Court judge yesterday made a compulsory winding-up order against the Land and Property Trust Co after refusing its application for an administration order.

Mr Justice Harman made the order on the petition of John Lelliott Management, creditor for about £5.6m. He said he could make a winding-up order only if he considered it was likely to achieve the making of a voluntary arrangement with the aim of bringing about a more advantageous realisation of LPT's assets than through a winding-up.

Lewis's contracts

THE receivers at Lewis's, the collapsed department store chain, have said that they will honour customer contracts entered into before the company went into receivership.

Customers who paid deposits will receive their goods although they cannot reclaim their money.

Unit trust queries

THE Unit Trust Ombudsman, whose office is being disbanded because it did not have enough work, received 100 inquiries in 1990, its second and final year of existence. Mr Adrian Parsons, the Ombudsman, resolved 38 disputes and has left five outstanding.

Mortgage rate rise

ALLIANCE & Leicester, the fourth largest UK building society, yesterday put its mortgage rate up from 14.35 per cent to 14.5 per cent, putting it in line with most other societies. The increase follows a similar move a week ago by Cheltenham & Gloucester.

OFT call on cartels

LOCAL authorities were yesterday asked by the Office of Fair Trading for help in identifying cartels in their areas.

Sir Gordon Borrie, OFT director-general, said the vigilance of councils in detecting the illegal operations was vital.

Charities appeal to the law as well as the pocket

Many feel tough rules are vital for public confidence, finds Alan Pike

THE charity Barnardo's this week celebrated its 125th anniversary with a £2.5m appeal to further its work among young people.

But senior Barnardo's directors, like many other officials of Britain's charities, are concerned that government inaction on changes to charity law is making fund-raising more difficult. They believe legislation to tighten the financial administration of charities is vital if public confidence is to be stimulated.

In 1988, following the Woodfield inquiry, the government promised to introduce legislation during the current parliament. To the dismay of the organisations, no charities bill has been included in this year's parliamentary timetable.

Implementation of a number of the Woodfield recommendations - particularly those involving the reform of the Charity Commission - has been possible without legal changes.

Legislation is required, however, to ensure that charities have adequate accounting standards and financial administration.

In 1988 the Institute of Chartered Accountants, working with leading charity finance directors, produced recommendations for keeping and auditing charity accounts.

The recommendations do not have the force of law and in my experience they have

made precious little impact so far," says Mr Keith Manley, Barnardo's finance director. "There is a huge pool of ignorance. Some medium-sized charities, quite apart from the small ones, have not even heard of the recommendations."

Most of the largest charities have standards of financial management comparable with those in the private sector, but finance directors such as Mr Manley fear that the image of the whole voluntary sector suffers from the activities of organisations which do not meet such standards.

"The Charity Commissioners have made considerable strides

within their existing powers to strengthen their own organisation. But there are charities which have not submitted accounts to the commissioners for five or six years, if ever, and this must affect the overall public view of the sector," he said.

In addition to requiring all charities to maintain and submit accounts regularly, Mr Manley believes that other priorities for legislation should widen the commissioners' powers to investigate possible abuses. He also believes they should encourage greater efficiency by promoting mergers, release charities

may no longer be functioning," the Home Office admitted in its annual report this week.

The commission has sent questionnaires to a sample of 20,000 charities in an effort to assess its existing data. During this year it will write to half the 170,000 charities as it begins the task of updating the register, and a commission report on proposed means of monitoring charities in the future is due in the spring.

Charity directors say the difficulties of monitoring and control cannot be resolved without the awaited legislation, and that it will be possible to know which of the 170,000 registered charities are fully functioning only when they are legally compelled to submit adequate accounts each year.

However, a large amount of the register may need updating. "In many cases, this will be out of date and the charity



Alison Halford: answered allegations yesterday

Halford to face one-woman tribunal

MISS Alison Halford, an assistant chief constable with the Merseyside police, is to face a one-woman disciplinary tribunal.

The police authority's senior officers' disciplinary committee decided yesterday she must answer charges before Miss Sheila Cameron, QC.

The decision was made after Miss Halford, 50, spent 45 minutes responding to allegations against her stemming from an incident at the home of a businessman in July last year.

An independent firm of solicitors will now draw up charges

to be put to her to at the tribunal.

Police authority clerk David Henshaw said no date had been set for the hearing.

Miss Halford was suspended on full pay in December after an investigation by the Deputy Chief Constable of Sussex, Tony Leonard.

She also faces allegations believed to relate to answers to questions put to her after a report of the incident in a Sunday newspaper.

The police authority also announced "further consideration" of charges brought by

Miss Halford against her Chief Constable, James Sharples, whom she has reported for failing to investigate the source of the newspaper story and for the alleged leaking of her Spanish holiday home address.

Miss Halford has also brought an industrial tribunal case against Mr Sharples, the Home Secretary, the Northamptonshire Police Authority and North-West Inspector of Constabulary, Sir Philip Myers, alleging that sexual discrimination blocked her promotion to deputy chief constable.

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UK NEWS

Second big City fraud trial starts next week

The charge arises from an unsuccessful £837m rights issue by Blue Arrow, writes Raymond Hughes

TWO OF the City's leading investment banking groups are at the centre of the latest fraud trial due to begin in London on Monday.

County NatWest, its parent NatWest Investment Bank, and UBS Phillips & Drew Securities, together with seven individuals, are accused of conspiring to defraud share dealers by misleading the market.

The charge arises from an unsuccessful £837m rights issue by Blue Arrow, the employment agency, in August 1987 to finance the purchase of Manpower, a US employment agency.

The failure led to CNW and Phillips & Drew being left with a substantial proportion of the shares.

It is the second of the three big City fraud prosecutions of recent years - the others are Guinness and Barlow Clowes - to come before a jury and is likely to be the longest and the most expensive.

It is thought likely to last up to eight months, with some lawyers doubtful if it will end much before next year.

Last year the Guinness trial ran from February to August - 107 days, of which 93 were before the jury - and cost about £9m, excluding the costs of the pre-trial hearings at the crown court and the magistrates' court.

The individuals in the dock will be: Mr Jonathan Cohen, deputy chief executive of NWB and chief executive of CNW until his resignation in February 1988; Mr Stephen Clark, group finance director of CNW; Mr David Reed, former executive director and managing director of corporate finance at CNW; Mr Nicholas Wells, former CNW executive director and a member of the corporate advisory department; Mr Alan Keat, a partner in City firm of solicitors Travers Smith Braithwaite, who advised CNW on the rights issue; Mr Martin Gibbs, former director of UBS Phillips & Drew; and Mr Christopher Stainforth, former director of UBS Phillips & Drew corporate finance.

The single charge against the 10 defendants is that between September 27, 1987, and December 30, 1987, they conspired with four others "to defraud such persons who had or might have had an interest in acquiring, disposing of, sub-



CHRISTOPHER STAINFORTH was director of UBS Phillips & Drew corporate finance, and with Mr Reed, Mr Wells and Mr Gibbs, was one of the four corporate financiers in charge of working out the mechanics of the rights issue. He resigned in July 1988 following the criticism in the Department of Trade and Industry report. Like several of the other defendants, he is a chartered accountant by profession.



JONATHAN COHEN, 47, was chief executive of County NatWest at the time of the Blue Arrow deal, but moved on to Charterhouse, Royal Bank of Scotland's merchant banking arm, in February 1988, as vice chairman. He resigned that post in August 1988, after the DTI's report, but said the report had exonerated him. Mr Cohen studied law at Queen's College, Cambridge before joining Price Waterhouse in 1967.



NICHOLAS WELLS was the corporate financier at County NatWest who organised the rights issue. He went into merchant banking after reading economics at Cambridge and three years' training as an accountant with Peat Marwick Mitchell. He moved to corporate finance at Lazards in 1979, arriving at County in 1982. He moved on to Barclays De Zoete Wedd, but resigned in July 1988 after the DTI report.



DAVID REED, 43, was managing director of corporate finance at County at the time of the Blue Arrow deal, and resigned in July 1988 following criticism in the DTI report. Mr Wells reported to him on the rights issue. Mr Reed went straight into accountancy, with Whinney Murray, after school at St Edward's, Oxford, and worked in Peat Marwick Mitchell's Sydney office. He became managing director of County in 1987.



MARTIN GIBBS, 61, was director of UBS Phillips & Drew at the time of the rights issue, and retired at the age of 60 in 1988. He and Christopher Stainforth organised Phillips & Drew's side of the rights issue. He began at Phillips & Drew in 1959 after three years in accountancy with Pannell Kerr Forster. He was educated at Stowe and Cambridge, where he read engineering and economics.

scribing for, sub-underwriting or otherwise dealing in shares of Blue Arrow by dishonestly misleading the market."

The indictment continues with 19 paragraphs of specific allegations.

The four alleged co-conspirators, whose trial will follow, probably early next year, are: Mr Charles Villiers, former chief executive of NatWest Investment Bank, CNW's parent, and chairman of CNW at the time of the rights issue; Mr Elizabeth Brimelow, formerly executive director of CNW and its compliance officer at the time of the rights issue; Mr Timothy Brown, director and head of sales in the equities division of Phillips & Drew; and Mr Paul Smallwood, director of the UK equity division of UBS Phillips & Drew.

The failure of the Blue Arrow rights issue gave rise to an investigation by Department of Trade and Industry inspectors. On November 9, 1988, four months after the inspectors' report, the 11 individual defendants were arrested and charged by the Serious Fraud Office and the City of London police fraud squad.

The following day the 11 made their first court appearance before Guildhall magistrates in the City of London and were remanded on £100,000 bail each.

The case was subsequently transferred to the Old Bailey under the procedure - first used in the Guinness case - by which serious fraud cases can go directly to the crown

court without the usual committal hearing before magistrates.

Last December, Mr Justice McKinnon decided to split the trial in two, on the ground that one long, complex trial involving 14 defendants would be unmanageable for a jury.

Both trials will take place in one of the specially-constructed Chichester Rents

courtrooms in a building in Chancery Lane, leased by the Lord Chancellor's Department when it became clear that there was not an existing court in central London large enough to cope with a case of this size.

The court, which is administratively part of the Old Bailey, has been wired for sound and vision, with video monitors provided for the judge, jury and parties on which documents and graphics will be displayed.

The Serious Fraud Office's prosecution team is led by Mr Nicholas Furnell, QC, chairman of the criminal Bar, who will be assisted by three junior barristers, backed by SFO staff. Twenty barristers, including nine QCs, have been briefed for the defence.

Arrears funding system likely to hit trainers

By Lisa Wood, Labour Staff

A NEW system of funding for providers of training could force many organisations to close, according to Community Industry, one of the largest organisations training young people and unemployed adults.

Community Industry, along with other voluntary organisations, is pressing Training and Enterprise Councils (TECs) and the government to continue to make advance payments or to modify the proposed arrears payment schedule.

Payments to organisations providing training used to be paid in advance by the Training Agency. Now the government pays TECs - responsible for training programmes, including Youth Training - in arrears and TECs pay providers of training.

The government has provided special loans for TECs to enable them to pay selected providers in advance. These loans have to be paid back, generally over six months.

Few TECs have offered this provision. Some have taken the funds from the government and have held on to the cash

balances. TECs, which are private commercial organisations, say one reason for not offering the facility more generally is because they are liable to the government for repayment should a training provider default.

Mr Patrick Bell, deputy managing director of Community Industry, said: "Government should recognise that it cannot reverse a system of advance payment as quickly as this."

Mr Bell said the move to arrears posed a severe cash-flow problem. For example, he said that if Community Industry was paid four weeks in arrears, as proposed, and a TEC took three weeks to turn round the payment, his organisation would have to borrow £2.6m to tide it over.

The government's move to output related funding, with trainers paid 25 per cent of funding for the attainment of qualifications, will exacerbate the situation, said Mr Bell. A proportion of the money paid in arrears will be held back until the trainee completes the course.

Insurance pay deals outpace inflation

By Diane Summers, Labour Staff

INSURANCE company pay settlements are outpacing inflation in spite of low offers in the banking sector, according to trade union negotiators.

Three Scottish life companies have reached settlements of more than 10 per cent backdated to January 1 following negotiations with MSF, the general technical union.

Britannia Life is giving about 450 staff a basic increase of 10 per cent which, together with merit payments, will be worth between 13 per cent and 16 per cent. In addition, a 5 per cent bonus has been paid through a unit trust.

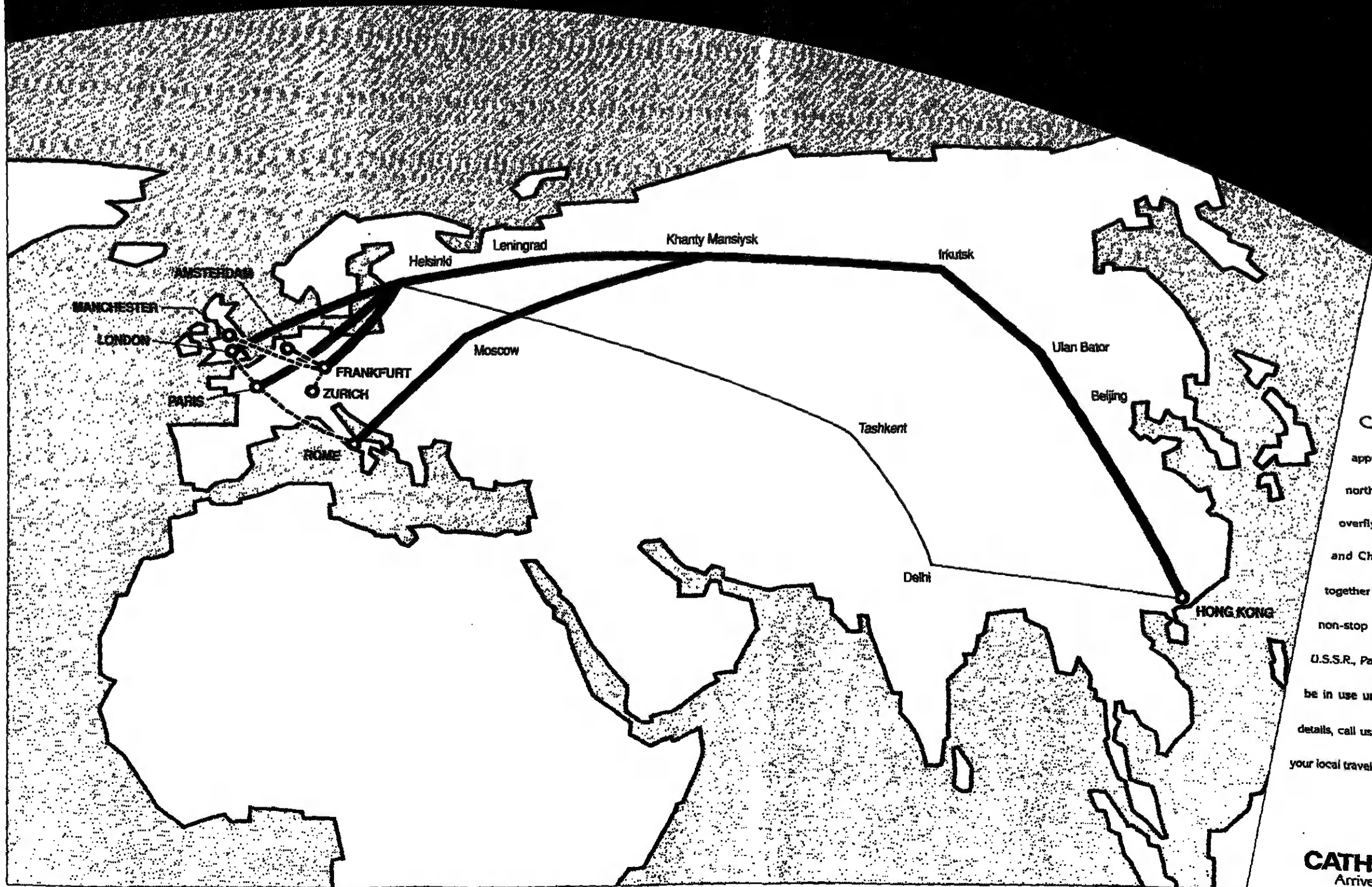
Scottish Mutual has agreed an 11 per cent increase for 600 staff plus a 2 per cent bonus in return for scrapping a 15-minute tea break.

Scottish Provident is giving 500 staff an increase of 10 per cent.

Mr Tony Whiteley, MSF national officer, said the settlements merely restored members' living standards. "They will, however, signal to insurance workers that the insurance industry is not following the 7 per cent to 8 per cent range of offers in the banks."

Barclays Bank last week strengthened its firm stance on pay rises for its non-managerial staff when it refused to increase an offer of 7 per cent. It is still likely that any deal below inflation-level at Barclays will influence pay talks at the larger financial services companies and, in particular, on negotiations at the other three large clearing banks.

CATHAY PACIFIC ANNOUNCE A NEW NON-STOP NORTHERN FLIGHT PATH BETWEEN EUROPE AND HONG KONG.



Cathay Pacific have obtained approval to use a new non-stop northern routing to Hong Kong overflying the U.S.S.R., Mongolia and China. This new flight path, together with an alternative existing non-stop routing, which overflies the U.S.S.R., Pakistan, India, and Burma, will be in use until further notice. For more details, call us on 071-930 7878 or contact your local travel agent.

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Legal & General warning adds to sector gloom

By Richard Lepper

THERE WAS further gloom for the UK general insurance sector yesterday with Legal & General, the UK life and general insurer, reporting that its 1990 results could be worse than the market is expecting.

Mr Joe Palmer, chief executive, said the 1990 results would reflect "deterioration" in general insurance during the second half of 1990.

Analysts reduced their profit forecasts for L&G by about £20m. Mr Alan Richards of James Capel, for example, now expects the group to record pre-tax profits of £70m.

Overall, pre-tax losses recorded by L&G's general insurance business grew to between £35m and £40m in the second half of 1990, compared with £20m in the first half, according to analysts.

Since L&G's property account was hit by heavy claims from last January's storms, the underlying deterioration in general business throughout the rest of the year was particularly serious.

According to Mr Richards, "the underlying UK account has been catastrophic".

L&G has been notified of subsidiary claims amounting to £45m and is to establish an additional reserve of £15m.

The group is also to increase its reserves against losses stemming from its book of

mortgage guarantee business, adding an extra £5m. In addition, L&G suffered a big increase in claims on its book of commercial business, particularly in the liability and business interruption area, leading to a loss for the year of £7m.

Claims provisions for other long-tail liability business will be strengthened by about £5m. Last month Guardian Royal Exchange, the fifth largest composite insurer (by premium income) reported that it was making provisions of between £50m and £70m against claims on its liability business.

When GRE announced its results at the end of March, analysts now expect a pre-tax loss of between £10m and £140m. It has also emerged that other insurers have suffered from heavier-than-expected fire claims during the last quarter of 1990.

According to James Capel, Royal Exchange of Policy Peck, the fifth largest composite insurer, the late presentation on Thursday of a 225-page affidavit by Mr Orhan Bilgehan, the administrators' lawyer.

The Cyprus business, which are owned by Polly Peck through Voyager, an intermediate holding company, have been leading contributors to Polly Peck's reported profits.

Mr Aziz insisted he was not obstructing the administrators.

The interim orders follow earlier moves by the administrators to remove Mr Fahri Tunali and Mr Aziz from the Voyager board, in that way gaining access to the Cyprus companies.

Courts delay hearing over Polly Peck administrators

By John Murray Brown in Ankara

ADMINISTRATORS appointed to Polly Peck International, the UK-based fruit and electronics group, will have to wait a further 30 days before they can gain access to the premises of the group's Cypriot subsidiaries.

A court in Nicosia and one in Famagusta yesterday adjourned until March 1 the hearing when they will again consider lifting three separate injunctions brought against the three administrators.

These prevent Mr Richard Stone, Mr Michael Jordan and Mr Christopher Morris from entering the Famagusta freeport premises or removing the directors of either Sunnet, the citrus exporter, or Unipac Packaging, Polly Peck's cardboard box manufacturer.

Mr Mehmet Aziz, the plaintiff and the lawyer of Mr Asil Nizal, chairman of Polly Peck, said the adjournment followed the late presentation on Thursday of a 225-page affidavit by Mr Orhan Bilgehan, the administrators' lawyer.

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Mr Aziz insisted he was not obstructing the administrators. The interim orders follow earlier moves by the administrators to remove Mr Fahri Tunali and Mr Aziz from the Voyager board, in that way gaining access to the Cyprus companies.

Noble Raredon selling Elite after £2.7m losses

By Clay Harris

NOBLE RAREDON, the company run by Mrs Bilge Nevzat, Mr Asil Nizal's younger sister, has decided that selling Elite Optics, the UK overhead projector business, is the only way to avoid the fate of his Polly Peck International.

Noble reported a £2.7m pre-tax loss on turnover of £15.42m for the year to October 31.

It also restated the £48,000 profit reported for the previous 17-month period as a £1.22m loss on turnover of £11.58m. In a change of accounting policy, Noble has decided not to defer start-up costs, but to write them off immediately.

Noble's shares were suspended at 20p on October 18, when two of its banks, Midland and Dresdner, reduced or withdrew banking facilities during the death throes of Polly Peck.

Mrs Nevzat said yesterday she hoped to apply for a re-listing in April. At suspension, Noble was valued at £5m.

The projector company was the only activity of Gnome Photographic Products, as the company was called when Mrs Nevzat and her husband, Mr Fahri Nevzat, took control in 1988.

Elite is likely to be sold to a management team led by Mr David Heaton, who has resigned as Noble's finance director in one of three departures from the board announced yesterday.

The disposal of Elite, the closure of Noble's trading division and the indefinite deferral of a planned cardboard carton factory in Poland will leave the company with two holiday villages, one in Turkey and one in northern Cyprus, saved by its tour operations in the UK and Germany.

Mrs Nevzat said the company was also considering an offer for the Turkish property. The loss per share was 12.4p, against a restated 6.5p loss.



Bilge Nevzat: hoping for re-listing in April

There is no final dividend (0.1p) leaving the total for the year at an unchanged 0.1p. There were exceptional write-offs of £1.5m.

The project cost head office costs had been cut by two thirds in the past year, and Noble plans to move from 73 South Audley Street to smaller and less expensive premises.

The Mayfair address gave its name to South Audley Management, the private Nizal family company run by the Serious Fraud Office during its investigation of Polly Peck.

Mr Arseven Gumush, a former South Audley director, has resigned as corporate development director at Noble, joining Mr Heaton and Mr Nevzat in leaving the board.

Mrs Terry Casner-Rees, managing director of Noble Hotels, has been appointed director. Noble said it had been advised in recent months by Mr Charles Verrall, former chief financial officer for UK banking at Midland, and subsequently finance director at Westland Group, the helicopter manufacturer. He is now finance director of Tern.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total for year
Elite	0.181	Apr 6	0.181	0.1	0.362
Noble Raredon	nil	nil	0.1	0.1	0.1
Sandell Group	nil	nil	2.7	1.7	4.4
Thornorton Tel	1.25	Apr 3	2.38	2.15	3.16
Willshire	nil	nil	0.3	0.3	0.867

Dividends shown pence per share net except where otherwise stated. "Equivalent" allowing for scrip issue. 10p capital increased by rights and/or acquisition issues. \$USM stock: 118 months.

Obstacle to bid by Thames removed • Thorn again chops and changes • Upside and downside for BET

The rapids are past, the waterfall's ahead

Securely owned, Thames could now win its franchise, but will it? By Alice Rawsthorn

IT COULD almost have been one of those scenes from Minder, Thames' own comedy series, where Arthur Daley, the clumsy common, is poised to clinch a deal, only to realise that his partners have pulled out and the deal is on the rocks.

If you cast Thames as the hapless Arthur and Thorn EMI and BET as his procrastinating partners, then the Minder scene starts to look very like the recent saga over Thorn and BET's 56 per cent shareholding in Thames.

The holding has been up for sale for nearly a year. But the combination of a sluggish stock market, an advertising recession and the problems of Reeves' recent US acquisition, has deterred all the would-be buyers.

The timing could scarcely

have been worse for Thames. It had to defend the uncertainty over the future of the holding if it was to retain its licence in the ITV auctions this spring.

Yesterday Thorn stepped into the breach by offering to buy BET's stake for an initial £34.5m. The arrival of Thorn, one of the UK's biggest industrial groups, will, Thames hopes, convince the Independent Television Commission that the contractor's ownership is now secure.

The critical question for Thames, Thorn and their shareholders is whether this supposition is correct.

The ITV franchise auction looks like a high stakes poker game. The ITC is expected to

decide the fate of the very least, have been a serious impediment to Thames' chances of passing the quality threshold. The consensus among analysts is that Thorn's offer has probably resolved this problem.

Thorn has expressed a long-term commitment to Thames which will be very helpful," says Ms Jane Anscombe, television analyst at Barclays de Zoete Wedd. "But it does not make a material difference to Thames' chances of keeping its licence. Thames could still be out-bid in the auction."

The Thames franchise - for weekday television on Channel 3 in the London region - is the largest and potentially most lucrative in the ITV network. As a result, it is expected to attract the highest price - anything from £150m upwards.

It remains to be seen just how formidable the competition for the Thames licence will be. As Ms Bronwen Madrox, television analyst at Kleinwort Greaveson, says: "Thorn's offer has improved the chances of keeping the franchise. But Thames is certainly not home and dry."

Mr Nigel Walsley, managing director of Capital Radio and a senior figure in broadcasting, as the head of Carlton's franchise application was clearly calculated to boost the company's chances of passing the ITC's quality threshold.

Other would-be ITV investors - such as Virgin, M&P and Polygram - are also thought to be interested in the London weekday licence. But they may be deterred by the risk of being out-bid by Carlton, or by Thames itself.

It remains to be seen just how formidable the competition for the Thames licence will be. As Ms Bronwen Madrox, television analyst at Kleinwort Greaveson, says: "Thorn's offer has improved the chances of keeping the franchise. But Thames is certainly not home and dry."

Thames shares stood at 478p when BET and Thorn EMI put their combined 56 per cent stake up for sale last March. Since then, the advertising recession has combined with uncertainties arising from the upcoming round of franchise applications to take the shine off them.

Mr Nicholas Wills, BET chief executive, yesterday described the terms as "very satisfactory" in the light of "the current changeable conditions for the independent TV sector."

BET shares closed down 1p at 114p - a gain of 14p on the week. Last Friday, unfounded rumours that the group was about to engineer a capital reconstruction sent the shares plunging to 87p before they rallied to close down 35p on the day.

Delays in the planned disposal of non-core businesses have been a feature of BET's recent problems.

In December, it did sell Anglian Water, its double-glazing subsidiary, but at a price lower than was originally hoped for. A month earlier, it had taken Boulton & Paul, a joinery business, off the market having received no acceptable offers.



Colin Southgate: ahead, but not afraid to face the music

A Thorn in the side of those who expect consistency

By Michael Skapinker

LAST MONTH Mr Colin Southgate, Thorn EMI's chairman, became a director of the Bank of England. If his new duties mean that he will no longer be able to do his old job, nobody has yet told him about it.

Buying a majority stake in Thames Television after previously saying it wanted to sell its interest has become standard Thorn practice.

Some see the music, rentals, electronics and light fittings group as an incorrigibly inconsistent company. Its officers insist that it is flexible enough to adapt to changed circumstances.

Mr Southgate was out of the company yesterday. But a spokesman stoutly denied that the chairman of the group which holds the copyright to Will You Love Me Tomorrow? and thousands of other songs was afraid to face the music. It was just that press speculation

had forced Thorn to announce the Thames deal sooner than it had planned.

The spokesman added that Thorn did not change its mind about the desirability of selling its stake in Thames.

"We didn't get a satisfactory offer, so we thought the best thing for our shareholders - although this may be inconsistent with what we said earlier - was to extend our stake," the spokesman said.

"We are not seeking to buy out the minority. We want Thames to remain a quoted company. I think it would be sensible for our shareholders if, in the long run, a couple of years down the line, we reduced our share."

"Our basic strategy is the same, although to a certain extent you chop and change."

The difficulty for observers of Thorn is to predict when the

chopping and changing might occur. The company said it wanted to get out of defence electronics, but then stayed with the business when it couldn't find a buyer.

In 1989, Mr Southgate said Thorn was set to become a world leader in lighting. Last year, he announced that there was no prospect of the group penetrating the world lighting market and that the business would be sold to GTE of the US.

When that deal fell through, Mr Southgate said Thorn would make a go of lighting. But later in the year, he announced that part of the lighting business would be sold to General Electric of the US.

"Lighting was a change of strategy, that was true," the spokesman said. "We were out of our depth in lighting. If you make a mistake, you ought to exit."

Clarke Hooper shares fall on profits warning

By Alice Rawsthorn

Clarke Hooper, the sales promotion company, yesterday became the latest casualty of the recession in the marketing services industry when it issued a profits warning.

The company said that pre-tax profits for the current financial year to April 30 would be below the £4.1m made last year. Clarke Hooper's shares fell by 14p to 42p on the announcement.

Mr Barry Clarke, chairman, said the recession had forced some clients, particularly in the UK, to cut budgets. This had produced a "difficult third quarter" although there were some signs of improvement in the fourth quarter which had been bolstered by new business wins.

Clarke Hooper has cut costs by £2m a year, mainly by shedding staff in the UK where it has lost 28 people from a workforce of 160. The US businesses, said Mr Clarke, had been less badly affected.

He said that the cost cutting should help to improve Clarke Hooper's performance in the 1991/92 financial year. He stressed that the group was still "financially strong", trading well within its banking arrangements and able to meet all its commitments.

The board has not yet decided on the dividend policy for this year.

JFB expands into US market

By Michio Nakamoto

JOHNSON & FIRTH Brown, the Sheffield-based metals and engineering group, has won a first entry into the US aerospace market with the acquisition of the Monroe Forgings business for \$21m, or £10.53m.

Monroe, based in Rochester, New York, is a leader in the production of high quality seamless rolled rings and forgings for the aerospace, nuclear and bearing industries.

The acquisition will give JFB access to the two largest aircraft engine manufacturers in the world, General Electric and Pratt & Whitney, which are key customers of Monroe. As such, it will be a significant step for JFB in its long-held aim of expanding into the US

aerospace market.

Mr Tony Edisbury, group financial controller, said the company had been looking to make a US acquisition to gain access to the US market, which it had found very difficult to penetrate. JFB hopes to sell Monroe's products to its existing customers as well.

The acquisition was made at net asset value. Nearly six years ago JFB had been prepared to buy Monroe at a premium to net assets but the US company was then taken off the market by its owners, United Dominion Industries.

Monroe's pre-tax profits fell 71 per cent to £1.2m in the year to December 31 as the difficulties facing the aerospace industry

had led to cutbacks by the major jet engine manufacturers and cut-price selling by competitors.

"Maybe it's not the best time to enter the market, but we see it as a strategic investment," said Mr Edisbury. He did not expect the acquisition to be funded by JFB's own cash resources accumulated for the purpose and borrowings in the US, to lead to any dilution of profits this year.

In the year to September 30, JFB reported a 21 per cent rise in pre-tax profits to £21.3m. It is considering other opportunities in North America and is also looking to expand into continental Europe through acquisitions.

Willaire down 25% and no interim

WILLAIRES GROUP, the environmental and electronics company, suffered a 25 per cent decline in pre-tax profits from £1.34m to £1.01m in the six months to October 31. The interim dividend is being passed.

The company, which has seen its share price fall from 13p to 4.5p in the last 12 months, declared a dividend of 0.3p for the six months to June 1990. It has since changed its year-end from December to April 30.

Sales, reflecting acquisitions, jumped 62 per cent to £19.06m

(£11.7m). Fully diluted earnings per share, affected by share issues, fell to 0.3p (0.5p). In the environmental division, FF&F, bought in November 1989, increased the group's market share in fume cabinets. Overall the division had not shown the growth anticipated a year ago. It made an operating profit of £1.17m (£721,000) on sales of £10.8m (£6.48m).

The electronics division made £250,000 (£591,000) on sales of £8.29m (£4.57m). A reasonable performance from Willaire, which has just launched a new range of terminals for

electronic funds transfer, was undermined by losses at BATS, a computers systems company. Interest payable rose to £653,000 (£122,000). On April 30 the group had borrowings of £747,000 (£274,000), giving gearing of 53 per cent.

Mr Antony Roscoe, chairman, said the group had taken steps to reduce overheads and two small, unprofitable operations had been closed. Extraordinary debits of £747,000 (£274,000), relating to closure costs and a write-down, resulted in an attributable loss of £63,000 (profit £329,000).

The improved performance was achieved through increased sales - turnover rose from £12.7m to £15.84m with exports accounting for 89 per cent - coupled with tight control over costs.

Difficulties encountered in the previous year were resolved, although Porelle sales continued to be affected by mild climatic conditions, he said.

The company continued to operate with footwear and leather, textiles, and industrial products divisions. Porvair Ceramics had been set up as a 51 per cent-owned subsidiary to make microporous moulds for use in a pressure casting system in the sanitaryware and tableware industries.

Earnings per share rose to 11.6p (6.3p) and the dividend is lifted from 2.7p to 3p, the final being 2p.

Porvair recovers to £1.51m

For the year to November 30 pre-tax profits at Porvair, a maker of plastic materials, reached £1.51m, compared with £788,000 last time and £1.35m in 1987-88.

Mr John Morgan, chairman and chief executive of this USM-quoted company, was confident of building upon the achievements of 1990, although he stressed "current world events and the economic climate cannot be ignored".

Reduced nav at Fleming American

Over the six months to December 31 1990 Fleming American Investment Trust saw its fully converted net asset value fall from 194.5p to 158.5p per share.

At the end of 1989 it had stood at 202.8p.

Revenue available for 1990 rose from £1.15m to £1.4m, giving earnings of 2.08p, against 1.68p, per share. The final dividend is 1.25p which raises the total from 1.5p to 1.75p.

Oil-related side helps Oeconics rise to £1.15m

By Michio Nakamoto

STRENGTH in its oil exploration business helped Oeconics Group, the specialist marine technology company, to report a 14 per cent rise in pre-tax profits to £1.15m for the half year to September 30, compared with £1.01m.

Earnings per share rose to 0.6p per share (0.5p), although turnover fell to £12.35m (£16.51m).

An extraordinary loss of £200,000 was incurred on the disposal of its systems technology division leaving the company with a loss for the period of £79,000 (£257,000). And the company is in arrears on preference dividends that were due to be paid on September 30 1990.

The disposal was made ear-

lier this month as part of a strategy to withdraw from non-core businesses and concentrate on marine and associated services.

Mr John Bryan, chairman, said that the company saw buoyant demand for oil exploration services and expected worldwide expenditure on oil exploration to increase significantly. Investment in facilities to allow for more efficient extraction and distribution of known reserves was also likely to rise, he said.

With the business in the marine sector outside of oil also doing well, the company expected the benefits of cost-cutting measures to show through starting in the spring.

Elbief ahead at £84,000 midway

Elbief, manufacturer of clocks and giftware, reported interim profits ahead at £84,000, compared with £70,000. However Mr Samuel Prais, chairman, said that the present political and business climate did not make the company optimistic on the immediate future.

He added that efforts were being made to expand exports but it was a slow process.

Turnover for the six months to the end of October was up from £2.5m to £2.48m. After tax of £28,000 (£25,000) earnings per share were 0.043p (0.039p). The interim dividend is being maintained at 0.151p.

Duncan Lawrie advances 4%

Duncan Lawrie, the private banking arm of Walter Duncan & Goodricke, raised pre-tax profits by 4 per cent last year to £1.09m.

Mr Nick Grant, chairman, said: "Whilst we have seen only limited growth in 1990, we are pleased that our conservative approach has resulted in an overall increase in profits."

The banking side saw an increase in domestic deposits. The pensions department grew substantially through acquisition, and the investment department increased funds under management. Group assets rose by £2m to £127m.

LONDON RECENT ISSUES

Issue Price	Amount Paid up	Latest Balance Sheet Date	1990/91 High	1990/91 Low	Stock	Closing Price	4w	Net Div	Times Gross P/E Ratio
1500	P.P.	95	20	50	Golden Mile	50	-100	-	-
1500	P.P.	95	20	50	International Feder. Wines	34.25	-	-	-
1500	P.P.	95	20	50	ITC Group Ltd	44	-	-	-
1500	P.P.	95	20	50	ITC Group Ltd	44	-	-	-

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Balance Sheet Date	1990/91 High	1990/91 Low	Stock	Closing Price	4w	Net Div	Times Gross P/E Ratio
1500	P.P.	95	20	50	British Waterways Corp	80	-	-	-
1500	P.P.	95	20	50	British Waterways Corp	80	-	-	-
1500	P.P.	95	20	50	British Waterways Corp	80	-	-	-

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Balance Sheet Date	1990/91 High	1990/91 Low	Stock	Closing Price	4w	Net Div	Times Gross P/E Ratio
1500	P.P.	95	20	50	British Waterways Corp	80	-	-	-
1500	P.P.	95	20	50	British Waterways Corp	80	-	-	-
1500	P.P.	95	20	50	British Waterways Corp	80	-	-	-

TRADITIONAL OPTIONS

First Dealings	Feb. 4	London Share Service
Last Dealings	Feb. 15	London Share Service
Last Dealings	Feb. 15	London Share Service
For settlement	May 28	London Share Service
For rate indications	see end of	London Share Service

FINANCIAL TIMES

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Weekend February 9/February 10 1991

The trouble with Fimbra

IMPOSING a new and comprehensive system of investor protection on Britain's very disparate investment markets was always going to be a painful process. Nor was it difficult to predict, in the run-up to the implementation of the 1986 Financial Services Act, where the pain would be most acute. Fimbra, the Financial Intermediaries, Managers and Brokers Regulatory Association, represents a ragged army of hitherto largely unregulated folk, ranging from sophisticated financial services companies to part-time insurance salesmen. Now rather grandly entitled independent financial advisers, they pose a huge headache for the watchdog that has always been the weakest link in the regulatory chain.

Following the collapse of Dundale Securities and Levitt Group, claims under Fimbra's investor compensation scheme are thought to be likely to exceed £10m in the current year. And in a letter to Mr John Redwood, minister for consumer affairs, which was leaked to the press this week, Fimbra's chief executive Sir Gordon Downey indicated that the financial burden of these collapses could threaten the solvency of Fimbra itself. Sir Gordon questioned whether Fimbra members were legally obliged to pay compensation for investors' losses which stemmed from events that took place before the establishment of the compensation scheme. He has also taken action to improve the self regulatory organisation's troubled finances by sacking staff and other cost-cutting measures.

The immediate outcome is that many clients of independent financial advisers who were relying on compensation from Fimbra up to a ceiling of £48,000 are now unsure of where they stand. Sir Gordon's financial housekeeping, however necessary in addressing Fimbra's immediate financial problems, also raises a question about the future effectiveness of a watchdog whose managerial performance in its early days was unconvincing.

Negotiating process

In practice it seems unlikely that Fimbra's troubles will leave investors in the lurch. Threats and leaks are simply part and parcel of the negotiating process, as watchdogs and practitioners haggle over who foots how much of which bill. Yesterday all concerned were anxious to edit the suggestion that Fimbra was heading for the rocks. The system's top self-regulatory watchdog, the Securities and Investments Board (SIB), emphasised that it would continue to liaise closely

with Fimbra to ensure "that the requisite investor protection is maintained".

But the fact remains that Fimbra is, in the long run, under-financed to regulate a large membership that takes in a plethora of small firms across the nation. And if an independent advisory sector is to survive in any worthwhile sense, some change in the regulatory structure is inescapable.

Draconian sanction

The SIB has the power to take back the regulatory role now undertaken by Fimbra. But that would represent a draconian sanction; and in a system which already suffers from a surplus of self-regulatory organisations whose functions are also partly duplicated by the SIB's own, costly power to authorise firms directly, it would simply muddy the waters. More sensible would be some attempt to merge Fimbra with either Lauro, which regulates the sales practices of the life assurance and unit trust industry, Imro, which looks after investment managers, or both.

The problem is that the membership of both these bodies would be reluctant to tolerate any merger in which they would end up sharing the bill for Fimbra's more dubious members. And leading insurance companies argue that the principle of polarisation whereby insurance salesmen must choose between commitment to a single insurance company or independent status, would be compromised by a merger of Fimbra and Lauro. The public, they add, would be confused.

Such high-minded argument needs to be seen in the context of market reality. The failed Levitt Group, to name but one obvious example, included among its shareholders such respected insurance giants as Legal & General, Commercial Union and General Accident. That suggests, if anything, that the confusion lies in the present structure. The present set-up also requires a costly bureaucratic exercise in which insurance companies have to sign up with two or three self-regulatory organisations to cover their different activities. Polarisation was never a particularly good principle in the first place. It simply filled the gap left by the failure of the SIB to impose adequate disclosure of commissions on the life assurance industry at the outset. It should not be beyond the wit of the regulators to come up with an enlarged organisation that puts Fimbra's financial troubles to rest and leaves investors with a clearer understanding of what protection they enjoy.

In a final, despairing effort to save off the receivers, the 77 employees of Hoyner Trailers, a long-established manufacturer of car transporters, took a pay cut.

The company had already tried to save itself, in the face of collapsing sales, by trying to open up a new market in France. But it underestimated the cost and failed to find customers quickly enough.

The workforce's gesture proved too little too late and the company, based at Braintree, Essex, joined the ever-lengthening list of enterprises to fall victim to the recession. This week its buildings, materials and the skills of its staff were being advertised for sale.

According to Mr Howard Evans, the administrative receiver: "In most respects, the directors were blameless. Their sales nosedived in less than 12 months. They should have cut their workforce earlier but you can understand why they did not."

A corporate struggle for survival now embroils increasing numbers of British companies trying to come to terms with recession on a scale many have not previously confronted.

Interest rates have stayed higher for longer than any corporate plan could have envisaged. Every extra 1 per cent on base rates, according to the Confederation of British Industry, adds £500m a year to business costs and now, after only one cut, they still stand 8.5 percentage points higher than in May 1988.

The squeeze has placed enormous strains on corporate finances and in particular on the large number of businesses that expanded ambitiously on the back of borrowed money and in the mistaken belief that the economy would remain buoyant.

Simultaneously, the effect of high interest rates has undermined demand for products and services across the entire spectrum of the nation's economy.

Every corporate collapse can, ultimately, be viewed as a failure of management but there is ample evidence that businesses are not going down without a fight.

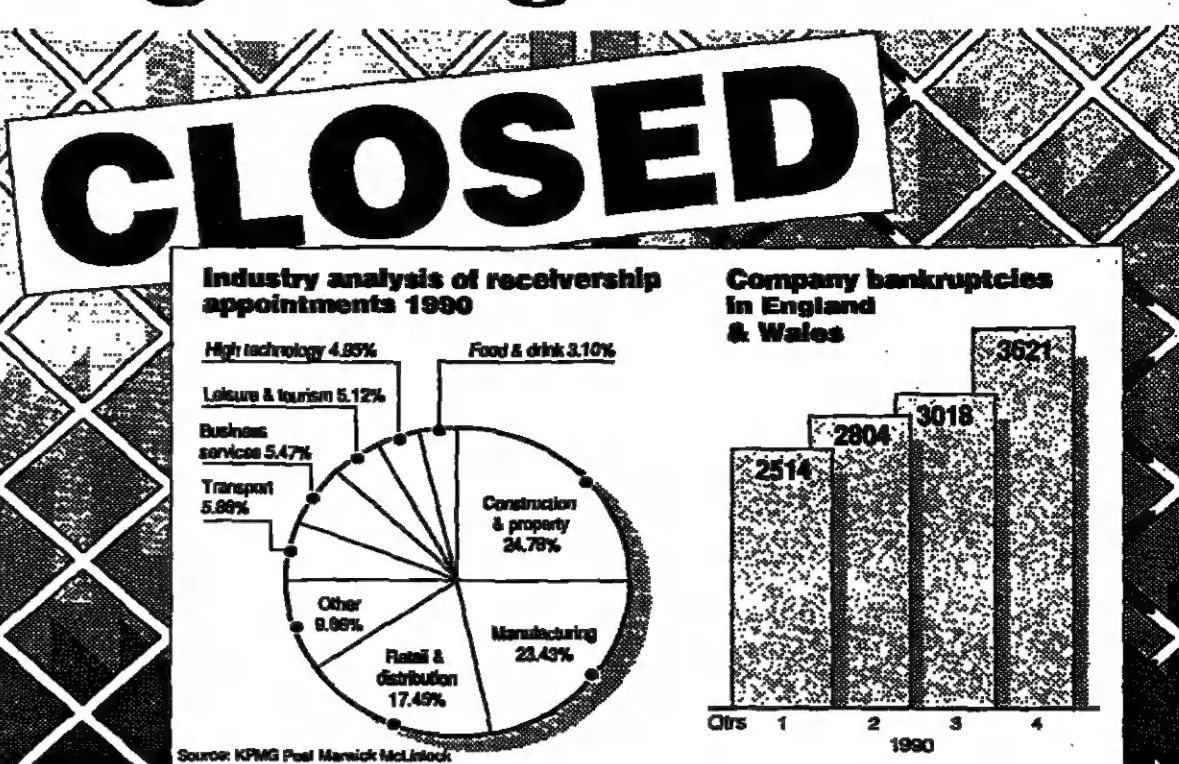
Companies are re-scheduling debt, if their bankers are willing, and trying to sell assets, if they can find purchasers. They are reducing selling prices and making redundant many of the workers so recently recruited. The Labour party claims 1,000 jobs are being lost every working day with the south-east among the worst-hit areas.

Each new set of statistics underlines the extent of the reversal which now besets the economy. Receiverships in 1990 exceeded 2,900, more than double the annual figures recorded in the buoyant mid-1980s. This week, KPMG Peat Marwick McLintock, the accountancy firm, calculated that last year more than 8,900 businesses sought voluntary liquidation to put an end to their plight. There were another 5,566 compulsory

liquidations and a further 11,957 bankruptcies. But there is no suggestion that the worst is yet over. The first weeks of 1991 have seen the roll-call of receiverships continue to lengthen. The list includes established businesses such as John Dee Group, one of the UK's largest road hauliers, which finally succumbed to a cash flow crisis.

It has already been joined in receivership by names such as RFX Group, the USM-quoted mini-conglomerate, Valin Pollen, one of the most dynamic names in the public relations industry, and Stormeal, the third-largest double-glazing group in the country.

Mr Tim Hayward, the head of corporate recovery at KPMG Peat Marwick McLintock, tries to maintain a sense of perspective and points out

Michael Cassell describes the battle for survival being lost all over corporate Britain
Hard times, and getting harder

that, in the four years until 1990, 150,000 companies were registered.

But he believes receiverships, at near record levels, will probably go higher. "Until now we have seen the inevitable reaction to an over-heated economy, with the froth being blown off the top of the economy. But there is a danger that it will not stop at that."

Mr Allan Griffiths, the joint administrative receiver for the Lewis's department store group, which went into receivership last week, has helped clear up the mess from two previous recessions but believes the latest is the most serious.

"This one is right across the board. Last time, I would get a call from a bank and I could almost guess what sort of business it would be. Now the telephone goes and it can be any-

thing."

Lewis's also put up a fight after 125 years of successful trading and two years of independence from Sears. Debts arising from a management buy-out at a time when the retail sector was a stock-market favourite had reached £2.5m and sales revenue was plummeting.

According to Mr Griffiths, of Grant Thornton, the accountants: "The cash position was good because they sold off some of the stores and leased them back. But they were committed to a programme of expansion and refurbishment financed on the back of additional finance at higher interest rates."

National Westminster Bank was prepared to maintain support but, in view of the outlook for retail sales, not ready to provide additional funds.

The banks inevitably come in for criticism when they finally pull the plug, although their stock response is to stress that they are providers of risk capital and that, all too often, they are kept in the dark about mounting problems.

According to Mr Griffiths of Grant Thornton: "A recession often demands a different kind of management to the one which prospers in a boom. The risk-taker who has struck lucky may not be the best man when caution is called for. Confronted with problems, some refuse to seek advice, bury their heads in the sand and wait for things to get better."

He concludes: "One thing I have learned is that every boom will be followed by hard times. People never believe the good times are going to stop. They always, always do."

within the Exchange Rate Mechanism of the European monetary system. If the pound falls through its ERM floor he may have to raise the rate again. Economists see nothing extraordinary in this. In the run-up to an election, it could finish the Conservatives. The alternative - a devalued nation - gets us out of the recession quickly, but coming so soon after entry to the ERM it would be a political humiliation. Labour would make a meal of it. The Tories seem trapped.

They could, however, spring free. If the markets believe in a sharp fall in inflation, they might accept interest rate cuts without driving sterling down. All the economic factors, excepting unemployment, would then be right. It would be down to politics, and a hidden joker in the pack: the Liberal Democrats. They usually do better in elections than the polls show. If they move from their present 10 per cent to 14 or 15 per cent, the opposition vote is once again split, and Mr Major is in with a chance.

Major's back against the wall

High interest rates are hurting the Tories, says Joe Rogaly

is over, its boost to the government's popularity will fall away. By then memories of Mrs Margaret Thatcher will have begun to fade, so that the boost given to the Conservatives by her departure can also be discounted.

There is support for this theory in the Gallup poll in yesterday's Daily Telegraph. It shows Labour edging ahead in spite of the Gulf war. More to the point, most people now believe their household finances will worsen over the coming year. A government that goes to the electorate with this "feelgood factor" running against it cannot hope to win an overall majority in the House of Commons.

The outcome of the election also depends on how voters perceive ris-

ing unemployment. Nothing the government does now can prevent a lengthening of the dole queues, probably well into 1992. Rising unemployment did not prevent the Tories from winning in 1983, but then Mrs Thatcher was hardly opposed. The Social Democratic party had taken away many Labour supporters and what was left of the party was led by Mr Michael Foot. The electoral effect of rising unemployment this time is therefore unknown.

Meanwhile plenty can be done to improve the "feelgood factor" for households whose earners are in jobs. Interest rates can be cut, as they presumably will be once the retail price index can be shown to be falling.

Next Friday could be a start. Public sector pay can be allowed to rise faster than the forecast rate of inflation: the forces, nurses, teachers and civil servants are already beneficiaries. Money can be put in the pockets of the skilled working class voters without whose support the Conservatives are in danger of losing the Midlands and southern constituencies gained during the Thatcher years. This may be arranged by juggling income taxes and personal allowances. Watch Mr Norman Lamont present his first Budget on March 15.

Interest rates could also be cut at that time - but here there is a difficulty. Mr Major has committed Britain to maintaining sterling

MAN IN THE NEWS

Nicholas Brady
Banking on the need for reform

By Peter Riddell



Baker. Mr Brady would like to be remembered for dealing with these issues, as well as for the Enterprise for the Americas initiative of trade and debt help for Latin America and continuing work on international economic co-ordination (now under fire).

By temperament and preference, Mr Brady is less of a high-profile public figure, and more of a close counsellor to Mr Bush. In many respects, he is still the investment banker he was for so many years at the solid, if unadventurous, Wall Street house of Dillon Read. Only now he is personal investment banker to the US president.

His standing in Washington derives from his influence with Mr Bush. Their close relations are apparent when they are seen together: this week Mr Bush went out of his way to praise his "able" Treasury secretary. The key to their relationship is trust. Unlike Mr Baker or the Budget director, Mr Richard Darman, Mr Brady has no political ambitions. But is this private support

sufficient to win Mr Brady's public battles? Mr Bush joked earlier this week that the Brady proposal will be called the Bush proposal if it is successful. It is up to Mr Brady to achieve that success.

Critics argue that the Treasury lacks the necessary political skills and muscle. They point, for instance, to its long and so far unsuccessful, battle to overcome the resistance of the futures markets, and their congressional allies, to a shift in the regulation of stock index futures. Similarly, the Treasury became involved in a public row last autumn with members of the House Banking committee over additional funding for the savings and loan rescue. The money was blocked at the last minute, though Mr Brady was probably bound to lose ahead of the mid-term elections.

However, Mr Brady has won respect on Capitol Hill for his straightforwardness. For instance, during last autumn's bruising budget battles, he was trusted by Democratic leaders, when Mr Darman was not, and

he helped to lower the temperature and keep the talks going.

Mr Brady points to the Treasury's success two years ago in winning approval for the original savings and loan rescue in just six months - "the fastest that I can recall a comprehensive piece of legislation going through Congress".

Banking lobbyists wonder whether this success has not produced over-confidence. The savings and loan industry faced a much more urgent crisis than banking does now. Insofar as there are parallels, it could mean that Congress will only respond to more pressing issues such as the recapitalisation of the bank insurance fund and reform of deposit insurance. Both Senator Donald Riegle and Congressman Henry Gonzalez, chairmen of the Senate and House Banking committees, have argued for waiting until after a strengthening of supervision and deposit insurance has occurred before changing banking structure.

Mr Brady believes Congress must not put off necessary

reforms. He argues that it is vital to strengthen the health of the system by securing additional capital: to make American banks internationally competitive again; and to offer consumers a wider choice. He sees customers as the main beneficiaries of his plan, since US banks, like British ones now, will be able to offer a full range of lending and other financial services.

He will have to overcome not only congressional fear of repeating the deregulatory mistakes which led to the savings and loan scandal but also a myriad of affected interests, all with political influence. There is no uniformity of view - there never could be among the 12,500 US banks. Small, community-based banks are wary of changes which threaten their independence. Investment houses, insurance and property companies and almost anything with financial in its name is affected.

Despite initially cautious comments from Congress, he argues there is a "time and tide to get the job done". He notes that even Congressman John Dingell, chairman of the House Energy and Commerce committee, who has blocked previous attempts at structural reform, has said he is willing to work with the Treasury to produce good legislation.

Mr Brady draws a parallel with the presidential commission report which he and Mr Robert Glauber, now the Treasury's finance under-secretary, wrote after the October 1987 stock market crash. It was initially brushed aside, but several of the ideas, such as having circuit breakers in times of volatility and reporting of large trades, have since been adopted.

If Mr Brady succeeds in winning approval for his package, he will have earned a place alongside McCadden, Glass, Steagall, McCarron and those other architects of the restrictive laws he is seeking to scrap. The odds may be against him, but he says he is an optimist because "I feel so strongly the proposals are really right".



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Next week? The week after? When the "real" fighting in the war against Iraq will begin, with the engagement of US-led ground forces beyond the borders of Saudi Arabia, is still anybody's guess - and if allied commanders have anything to do with it will remain that way until it happens.

As with the opening of their bombing campaign, they will count on tactical surprise as to when and where the ground offensive to claw back the territory of Kuwait will start. Most pundits' versions feature one sudden assault along multiple axes, 1944-Normandy-style. Some analysts, however, now believe there may not be a real D-Day at all, but a mounting series of operations.

The visit to the Gulf today by Mr Dick Cheney, US defence secretary, and General Colin Powell, chairman of the Joint Chiefs of Staff, highlights Washington's predicament in this transition state between the two main phases of the war. We are not more than three weeks into the bombing. The longer it goes on, the military gains will decrease and the political drawbacks increase. But set against this are formidable hazards, both military and political, in the conduct of a land war.

The results of the air campaign are probably as much as allied commanders could have expected, with extraordinary low losses on their side. Cloud and rain, some of the worst weather seen in this time of year in the region for 25 years, held things up, especially early on, impeding precision attacks and evaluation of the damage. Efforts were also diverted to hunting for Scud missile launchers in western and southern Iraq - weapons less significant militarily than in their public impact in Israel and Saudi Arabia.

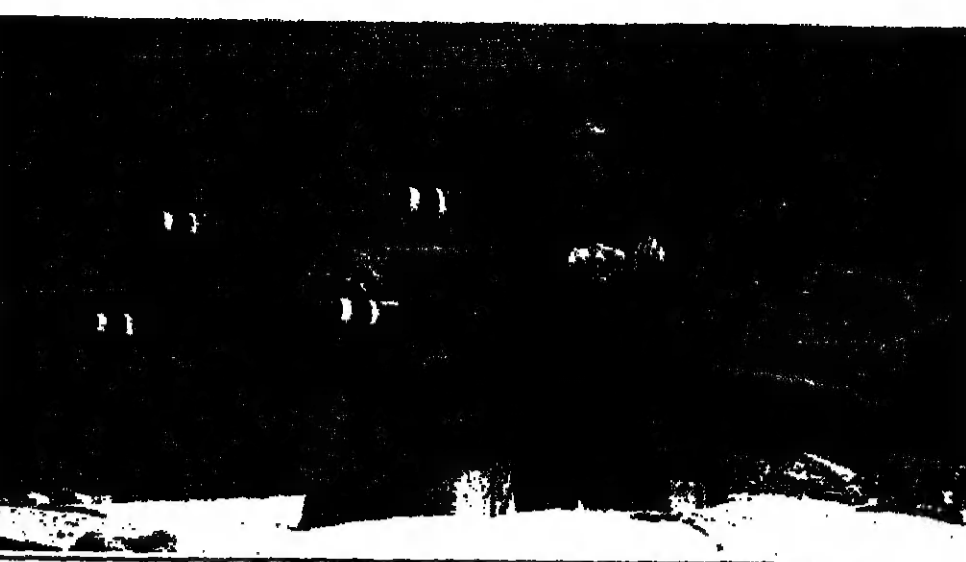
Allied officials deny that the overall plan has been set back or that a land offensive was ever envisaged before mid-February. But among the many predictions made about allied plans, few foresaw such prolonged air bombardment.

There are already diminishing returns on the effort to return to targets to keep them out of use. After systematic carpet-bombing of Iraq's Republican Guard divisions near Kuwait's northern border, US B-52s have switched to the more concentrated troop formations in the industry front line. But senior airman say they will again reach a point where results no longer match the effort.

The spectacle of continued bombing - often as many sor-

The expected push into Kuwait raises formidable military and political hazards, says David White

Countdown to the land offensive



A British corporal protects Rapier missiles as allied commanders contemplate a ground war

ties per day as during the whole 12 days the US Air Force spent bombing Hanoi in 1972 - is not easily accepted by some western publics, not to speak of Arab and Muslim publics. The long, bird-of-prey wings of the B-52 are an emotive symbol, especially against an enemy that so far has done little except to take punishment.

The allies say they have acted under an unprecedented degree of constraint in sticking to military targets. Senior officers do not believe a decision would be made, for instance, to attack aircraft that the Iraqis have dispersed for protection in villages and orchards. But they could not expect to avoid killing civilians, even though the number of civilian casualties is certainly dwarfed by the number of Iraqi military casualties.

Damage to Iraq's infrastructure is also provoking growing controversy. The US and its allies say they are not out to destroy Iraq, but it is unclear quite what this means. Eighty per cent of Iraq's oil-refining capacity, many power installations, and most key bridges over the Tigris and Euphrates are said to have been substantially destroyed. Allied officers say these are valid military tar-

gets because their destruction limits President Saddam Hussein's ability to fight a long war. The extent of damage has helped create a swamp of misunderstandings over war aims. From the onset of hostilities, US and British leaders have added to the objective of restoring Kuwait the clearly expressed aim of breaking Mr Saddam's capacity for offensive warfare, using as their text the UN requirement "to restore peace and stability in the area". But that phrase could also be used to cover other aims, not yet articulated.

The allies disclaim having any specific objective for Iraq's own regime. But senior British government officials foresee that aims could harden up as the conflict develops, for instance in response to the use of chemical or biological weapons. The risk of breeding distrust and suspicion if aims are not fully spelled out is offset by the risk of allied division if they are.

The military hazards of a land war are obvious. On the one hand, the allies face numerically superior forces fighting with their backs to their own country. They would have to go for a quick victory, relying on Iraq's lack of surveillance,

on their own command in the air and, once again, on technological advantage.

Against that will be the enormous logistical challenge of supplying a force thrusting deep into enemy territory, using ammunition in unprecedented quantities.

Politically the risks stem from the impact of casualties sustained by both sides and the prospect of increasing tension in the coalition. Only US, British, French and Saudi ground forces are fully committed on an unconditional basis to an offensive. Other Arab and Muslim allies might join in an offensive only within Kuwait, or fight only defensively, or opt out.

It is a matter for speculation how far into Iraq an allied push might go. The operation is likely to mean a de facto occupation of part of Iraq - Basra, for instance, the focal point for Iraqi command in the region. That would place further strain on Arab allies in the face of their own public opinion. In principle, the occupation would be very temporary, until Iraq forces left Kuwait. But after cutting off Iraq's divisions in the Kuwait theatre, the allies could still have physically to get them out.

Experts believe the ultimate military outcome is set, as long as US remains committed to fighting. But, in the words of one British general: "There will be all sorts of surprises in getting there."

Allied commanders are worried that before their offensive begins Iraq might try another attack, on a grander scale than its Khafai raid 10 days ago. That series of incursions showed up the Iraqis' difficulties getting across their own defences and their exposure in front of their lines. But it is thought they might respond to continued unremitting bombing by trying to inflict impressive casualties.

Iraq is known to have rushed out chemical munitions to its troop units in the pre-war months at what military observers describe as a "frenzied" rate. Its best chance of using them effectively, probably by means of artillery and rockets, might be when allied troops are massing for attack, rather than when they are already on the move.

Mr Saddam may believe not only that he can wrest a political triumph from the war - by showing that he has stood up to and fought the US super-power - but that he can actually win it militarily. His war against Iraq convinced him of the value of entrenched defences. Since, in the view of western analysts, he has never known how to use his air force, he may not realise the significance of the air power deployed against him, and may not be fully aware of how much his forces have already suffered. He would count on turning the land battle into a war of attrition, holding the allied advance while the alliance itself was falling apart, and undermining America's will to continue fighting.

US leaders are in a military quandary: between the desire to secure maximum advantage before a land campaign, and thereby to minimise their own casualties, and the need to get the war over with. Pressures on time include the added difficulty of fighting once the heat returns; the Muslim holy month of Ramadan starting in mid-March, followed by the pilgrimage season; the damage done to Iraq's infrastructure; and the growth of Mr Saddam's support in the Arab and Islamic world.

But a land offensive is not an easy step. What we have seen from a distance so far has been a sanitised "thousand-yard war" in which the bombing, but apart from the loss of civilian casualties we have known little about the bloodshed. That will change once the border is crossed.

No fun being poor in the rich man's club

Peter Norman on divergent responses within the Group of Seven to the dollar's depreciation

This has been a bad week for Britain, Italy and France.

As the dollar fell to new lows against the D-Mark and the pound moved upwards temporarily through the \$2 level, it is no fun being the poorer members of a rich man's club. For the three smaller European members of the Group of Seven leading industrial countries, the dollar's fall has added yet another piece of bad news to a grim picture of recession in the UK and economic slowdown in France and Italy.

It has helped pin the British pound and French franc to the bottom of the exchange rate mechanism of the European Monetary System, limiting the ability of London and Paris to lower interest rates. The US currency's decline has also increased the threat to the three nations' important dollar-based export markets in the US and the Third World.

By contrast, and in spite of well-publicised rounds of concerted central bank intervention to brake the dollar's fall, the US, Germany and Japan - the industrial world's leading economic powers - have appeared insouciant about the US currency's plight.

Monetary officials in other centres are still furious at the way the dollar's latest bout of weakness was triggered by last week's uncoordinated increase in German interest rates and the US authorities' decision to cut their discount rate. This action, shortly after the G7 promised "to maintain stability in international financial markets", increased the D-Mark's attraction to investors.

The central banks entered the market on Monday after the dollar came under heavy selling pressure in the Far East. But in spite of official dollar purchases, estimated at about \$10 billion between Monday and Thursday, doubts persist about the "big three's" support for the greenback.

Japan is expected to be the fastest-growing and one of the least inflationary of the G7 economies in 1991. A low dollar means cheaper imported raw materials, including oil.

Germany continues to grow strongly as it devotes much of its financial and industrial capacity to restructuring the former East Germany. Some companies have complained about the dollar, including the luxury car maker Daimler-Benz. But the authorities in Bonn and Frankfurt want a strong D-Mark as well as high interest rates to control such inflationary pressures as rapid money supply growth and wage claims over 10 per cent.

A weak dollar is a greater threat to the trade of Britain, France, and Italy than to Germany and its economic satellites.

Britain sends 12.3 per cent of its exports to the US and is particularly exposed to dollar weakness. France and Italy send a greater share of their exports to non-industrial countries, where dollar-based contracts predominate, than does Germany. France and Britain also have large aerospace industries where all trade is conducted in dollars and US competition is formidable.

The dollar's weakness also poses problems in monetary policy-making. Italy had to accept an increase in its overnight money market rates early in the week. The D-Mark's strength against the dollar revived market talks of a possible ERM realignment to the obvious irritation of Mr Bérégovoy. In Britain, sterling's position at the bottom of the ERM complicates the Treasury's judgment over whether inflationary pressures have subsided sufficiently at home to justify a cut in base rates from 14 per cent.

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LETTERS

Congress must be shown EC is serious on Gatt

From Mr James Moorhouse MEP

Sir, Regarding your editorial "Getting a grip on the Gatt", February 5, it would be easy for the political and economic benefits that a Gatt agreement would bring to be lost in the fog emanating from the war in the Gulf.

Governments, particularly those in the EC, need to be reminded of the urgency of reaching a Gatt agreement on time.

Your editorial missed one crucial point: how to get a grip on the Gatt. If the Uruguay round of the Gatt is to be saved from collapse, the US Congress needs to be convinced that the EC is negotiating in good faith. It has manifold reasons to doubt this, at least as far as agriculture is concerned.

If Congress is to be persuaded to extend its "fast-track" authority for the round, it needs to receive an immediate and clear political signal from Brussels of the Community's willingness to reach agreement on agriculture so that the rest of the negotiations can be unblocked.

It is the European Commission's sole responsibility to do this, and it has a mandate from the Rome Summit to fulfil it. However, it is equally the responsibility of member governments to provide the Commission with the political support essential for any EC position to be credible. It must not require further meetings of the Council for them to grant it.

The Commission must, by the end of this month, commit itself to reaching an agreement on agriculture. This must involve commitments on import access and restrictions on export subsidies to run up to 1996, with a further commitment to negotiate more reductions in agricultural support post-1996 in the light of progress on internal CAP reform.

With such a statement, Congress would have grounds for granting an extension for an intergovernmental agreement to be reached by May/June, with a two-year extension for negotiating the post-1996 agreement. James Moorhouse, European Parliament, European Democratic Group, 97-113, rue Belliard, 1047 Brussels

Rayner wrong on water privatisation

From Mr Michael Corney

Lord Rayner (Monday Interview, February 4) is right in saying that one reason for water privatisation was the arcane Treasury approach to investment. However, every other reference he made to water was wrong.

Limited water restrictions in a few parts of the south-east in winter are explained by his own points about the Treasury and the time needed to plan great changes.

As for a national water grid, this would be about as sensible as imposing on M&S a statutory obligation to supply every

We have also had two years of exceptional weather. Despite these difficulties most parts of the country have had no restrictions during this time.

The scale of the difficulties is equivalent to about one or two branches of Marks & Spencer running out of a few of their lines.

As for a national water grid, this would be about as sensible as imposing on M&S a statutory obligation to supply every

access to very cheap money which could undermine its competitors? Would it be prepared to run uncommercial levels of loss for a long period in order to drive competitors out of the market? Would it, for example, pursue a course of policy dictated by the interests of the ultimate state owner rather than the commercial interest of the business? At its extremes one can see how damaging this might be if, for example, an Iraqi nationalised industry were allowed to buy a British private sector weapons manufacturer.

The leader is wrong to suppose that the prime intention of the government is to block mergers emanating from EC member states. The policy is non-discriminatory: it applies to nationalised industries wherever they may be located. Separate rules apply in cases within the jurisdiction of

the European Community through the European Community Merger Regulation.

There is no inconsistency in the government's welcoming state-owned banks setting up in the City of London as new businesses. If any organisation in London starts to pursue anti-competitive practices that are detrimental to others there remain monopoly remedies for them.

The advent of new investment by state banks in London will not normally be on a scale or in a style likely to damage competition. On the contrary, they strengthen competition by producing new competitors in the market.

By contrast, the acquisition by a state-owned enterprise of an existing company could cut competition in the market. Tony Favell, House of Commons, Westminster, SW1

Poles defend border action on Soviet food convoy

From Mr Janusz Dlugosz

Sir, I refer to Mr Leslie "Polish" article from Berlin ("Poles shut border to food convoy for Soviets", January 30) about the convoy of humanitarian aid from Germany to the Soviet Union.

The convoy of about 200 trucks and other military vehicles of the former GDR army called on the Polish border authorities about four weeks ago with declared content humanitarian aid from the German army for the Russian church.

The trucks and vehicles had no registration plates or marks indicating that they carried humanitarian aid, for example Red Cross signs. They were not insured and were driven by Soviet armed soldiers who failed to produce international

driving licences. The convoy was escorted by Soviet armed guards bringing the total of Soviet soldiers up to about 1,000. The convoy was therefore not allowed across Poland.

After an appeal by the Russian Church, the Polish government agreed to make an exception and to allow the convoy passage through Poland driven by military drivers providing the vehicles had proper documents, were insured and were marked with the Red Cross sign, their drivers were unarmed and wore civilian clothes. It was also stipulated that the convoy should move across Poland in several smaller groups of vehicles.

The representatives of the organiser of the convoy accepted these conditions on several occasions but the con-

voy still attempted to cross the Polish-German border a week ago in much the same way as they arrived. They were diverted back.

Poland's attitude was fully appreciated by the German foreign ministry as shown by a statement of February 1 1991 by its press spokesman.

Civilian transport with humanitarian aid for the Soviet Union has and will be allowed through Poland. Every possible preference is applied and no fees are charged. However, Poland cannot allow passage of a large and burdensome convoy, resembling military transport. Janusz Dlugosz, Embassy of the Republic of Poland, 47, Portland Place, W1

Invest port sale profits in local infrastructure

From Alan Beth MP

In your editorial "Privatisation and the ports", February 6, on port privatisation you rightly draw attention to the sting in the tail of the government's bill - under the guise of an option to privatise, it is introducing a form of compulsory privatisation for larger ports, some of which will feel that this is an inappropriate, unnecessary or dangerous step.

However, you also suggest that the government is entitled not merely to the 50 per cent levy on privatisation proceeds but to 100 per cent on the grounds that central government paid for the abolition of the dock labour scheme.

The effect of this levy is to raid the resources of local communities and transfer them to the central exchequer. Why should ports which have never been part of dock labour schemes have to bear this cost? Why should these resources not be invested in the infrastructure of the areas around the ports? At the very least the sale of shares at below market price to port employees should not be subject to the levy as if full market price had been obtained.

Alan Beth, Treasury Spokesman, Liberal Democrats, House of Commons, Westminster, SW1

Fax service

Letters to the Editor may be faxed to 071-873 5838.

The fax machine should be set for line resolution. Readers with an electronic mail service can use that for a direct computer to computer link, but should first phone our computer department on 071-873 4883.

Correction

In Mrs E.S. Singleton's letter ("Proposed trade legislation will simplify analysis", February 4) the third paragraph should have read in part: "For example, an agreement which contains 50 restrictions on one party will not fall within the RTFA if there are no restrictions on the other party."

BUILDING SOCIETY INVESTMENT TERMS									
	Applied rate	Net rate	Interest	Minimum	Access and other details				
Alliance and Leicester									
Current	10.25	10.25	Yearly	£1,000	Access and other details				
Instant Access	4.50	5.00	Yearly	£1,000	10.00/9.75/9.50/9.25/9.00/8.75/8.50/8.25/8.00/7.75/7.50/7.25/7.00/6.75/6.50/6.25/6.00/5.75/5.50/5.25/5.00/4.75/4.50/4.25/4.00/3.75/3.50/3.25/3.00/2.75/2.50/2.25/2.00/1.75/1.50/1.25/1.00/0.75/0.50/0.25/0.00				
Money Day	10.80	10.80	Yearly	£25,000	Instant access				
Widow	11.50	11.50	Yearly	£100,000	Instant access				
Term	14.50	14.50	Yearly	£1,000	Instant access				
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INTERNATIONAL COMPANIES AND FINANCE

Toyota Motor falls 9.6% as Japan sales slow down

By Emiko Terazono in Tokyo

TOYOTA MOTOR, Japan's largest carmaker, announced a 9.6 per cent fall in pre-tax profits to ¥288.1bn (\$2.33bn) for the six months ended December 1990, as a slowdown in domestic sales and increased costs hit earnings.

The decline, the first since 1985, is another sign of the problems facing Japanese automakers after several years of surging domestic demand, and the announcement follows a decision by Toyota to cut office costs by 10 per cent.

Toyota said sales for the half year rose 16.6 per cent from a year earlier to ¥4,365.4bn, but sluggish domestic sales in

recent months, and an increase in labour, research and development, and depreciation had depressed profits.

Sales growth was attributed to model changes and strong exports to south-east Asia, though after-tax profits dipped 0.7 per cent to ¥156.2bn, and operating profit fell 15.6 per cent to ¥200.8bn.

Exports of parts for overseas production declined 4.2 per cent to ¥187bn, the company said, to an increase in local production, especially of engine parts in the US.

For the full year, Toyota revised projected sales of motor vehicles downward from

4.28m units to 4.18m, and Mr Shobei Kurihara, the executive vice-president, said that a 16 per cent fall in the company's US sales in January had prompted a review of export levels to that market.

But the company said that sales revenue is expected to increase 9 per cent to ¥8.7 trillion (million million) for the full year because of price increases and strong demand for the higher-priced cars.

The company would not forecast pre-tax profits for the full year ending June, but said only that it would try to maintain last year's level of ¥783bn for the parent company.

Torras takes control of paper market in Spain

By Peter Bruce in Madrid

TORRAS HOSFENCH, the Spanish industrial group which is 60 per cent owned by the Kwait Investment Office (KIO), has acquired a paper business from the Sarrío group for Ptas 45bn (\$300m).

The deal, concluded through the transfer of Ptas 35bn of assets plus a Ptas 10bn cash payment, gives Torras control of Spain's 35.5m a year paper market. Torras will control the newspaper market plus the bulk of Spain's writing paper business.

The assets Torras has swapped with Sarrío, part of the Italian Saffa group, are 4 per cent of its sugar and foods division, Euro, 6 per cent of property developer Prima Inmobiliaria and 9.8 per cent of Torres Papel plus a cardboard production plant.

The deal surprised analysts. Saffa, which controls about 25 per cent of the EC cardboard market, had only recently taken its holding in Sarrío up to 54 per cent. They said the deal would probably give the Italian group a commanding position in Spain's 350,000 tonnes a year cardboard market.

It is estimated that the enlarged paper operations of Torras would have a turnover of about Ptas 125bn in 1990 figures, making the new unit very much bigger than its nearest Spanish rival, Papelera Espanola, which is expected to report paper sales of some Ptas 14bn for 1990.

Torras officials said the sale last month of an oil refining business, Kriol, to a group of French investors for Ptas 45bn had not been used to finance the Saffa deal.

Packer pledge rules out Fairfax bid

By Kevin Brown in Sydney

MR KERRY PACKER, privately owned Consolidated Press Holdings, appeared to rule itself out of the bidding for the John Fairfax newspaper group yesterday after under-taking to retain a holding of 38 per cent in the Channel Nine television network.

Consolidated Press has expressed an interest in acquiring John Fairfax, but is prevented from doing so by cross-ownership laws which would require it to sell all but 5 per cent of its Channel Nine stake.

John Fairfax, which publishes the Sydney Morning Herald, The Melbourne Age and the Australian Financial Review, was placed in receivership by its banks in December after failing to reschedule debts acquired by Mr Warwick Fairfax, the former proprietor.

Consolidated Press was regarded as one of the few potential purchasers with the financial resources to acquire John Fairfax, although it was thought unlikely to be willing to pay a price which would have satisfied the banks.

However, Mr Paul Keating, the federal treasurer (finance minister) recently confirmed that Mr Packer would not be allowed to own both the Nine Network and John Fairfax.

Mr Kim Beazley, the communications minister, also let it be known that the government was prepared to introduce emergency legislation if it was necessary to strengthen the cross-ownership regulations.

Mr Packer's commitment to Channel Nine followed rumours that a capital raising exercise for the network was a prelude to a disposal by Consolidated Press of its Channel Nine shareholding.

The rumour caused a fall of one cent to 44 cents in shares in Nine Network Australia, the quoted vehicle for the network, as concern rose that Consolidated Press management would be withdrawn.

Nine Network said in a statement to the Australian Stock Exchange that it intended to raise A\$170m (\$133m) through an issue of 422m preferred ordinary shares at 40 cents each, underwritten by Hambros Securities.

holding will fall from 30 per cent to 21.4 per cent.

The statement, signed by Mr Trevor Kennedy, managing director of Consolidated Press and deputy managing director of Nine Network, said: "Consolidated Press and ACIL wish it to be known that they have no intention of reducing their holding below these levels."

Consolidated Press said the cancellation "represents a significant concession" to Nine Network. The capital raising would help the network cope with the impact of recession on its advertising revenue.

Nine Network Australia reported a net loss of A\$11m for the year to June after writing off much of the valuation placed on assets by Bond Corporation, the former owner.

Consolidated Press remains a possible purchaser of the Australian Financial Review, which sells too few copies to meet the criteria laid down by the cross-ownership regulations. However, Mr Packer, who is also Fairfax's receiver, said the bid for the group will not be broken up.



Kerry Packer: undertook to keep Channel Nine stake

At the same time, Consolidated Press and Australian Consolidated Investments (formerly Bell Resources) will cancel 422m options, due to expire in 1995, which are currently trading at 21 cents.

The cancellations will reduce the Consolidated Press holding in the network from 53 per cent to 38.5 per cent. ACIL's

Maxwell to sell French TV stake

By William Dawkins

MR ROBERT MAXWELL, the British media magnate, has started to carry out his plan to sell a minority stake in TF1, France's leading commercial television channel, in which he is the second largest shareholder.

He has offered his 12 per cent stake to the other shareholders in the channel and informed the CSA French broadcasting authority. They have three months to make up their minds.

Mr Maxwell's decision to pull out, announced last October, is the latest ripple to disturb the perennially unsettled

French television industry, in which TF1 is the only profitable channel, with an audience share of over 40 per cent.

Another TF1 shareholder, the Garanti Mutuelle des Fonctionnaires investment group, has also decided to put its 6 per cent stake on the market.

Tensions had been growing between Mr Maxwell and Bouygues, the French construction group which runs TF1 and owns 25 per cent of the shares, the maximum stake in a television channel allowed under French law.

Mr Maxwell claims that

Bouygues ran TF1 without reference to other shareholders. He opposed the construction group's choice of Mr Patrick Ley as chairman and complained that the channel lacked European ambition.

It is not yet known which of the other investors will pick up the shares, amounting to a total stake of 18 per cent, now on the market, including the Italian publishing group, Rizzoli-Corriere della Sera, which bought 2 per cent last November, the Groupe Worms holding group, and the bank Société Générale, among others.

It is estimated that the enlarged paper operations of Torras would have a turnover of about Ptas 125bn in 1990 figures, making the new unit very much bigger than its nearest Spanish rival, Papelera Espanola, which is expected to report paper sales of some Ptas 14bn for 1990.

Torras officials said the sale last month of an oil refining business, Kriol, to a group of French investors for Ptas 45bn had not been used to finance the Saffa deal.

Profits setback at two Swiss banks

By William Dullforce in Geneva

TWO MEDIUM-SIZED Swiss banks yesterday reported substantial falls in earnings in 1990, albeit for different reasons.

Swiss Volksbank, the fourth biggest commercial bank, disclosed a net profit of Sfr110.8m (\$89.4m), down by 18.8 per cent, but said it planned to pay unchanged dividends of Sfr7.75 per share and Sfr7.50 per participation certificate.

Bank Leu, Switzerland's fifth biggest bank which last year came under the control of CS Holding, parent of Credit Suisse, the third largest, announced a plunge in net earnings from Sfr62.6m in 1989 to Sfr27.7m last year and will pass its dividend.

A Sfr61m provision for an alleged fraud by a credit manager was the principal factor in the setback at Bank Leu. Swiss Volksbank attributed its profit decline to the cumulative effect of an inverted interest rate structure, shrinking securities markets and massive price movements on foreign exchange markets.

Changes in Swiss accounting practices imposed by the Federal Banking Commission make comparison of 1989 and 1990 profits difficult. Mr Walter Riegg, president, said that the reported 4.9 per cent drop to Sfr267.8m in Volksbank's cash flow disguised a slump of around 25 per cent in real internal cash flow.

Volksbank's figures included

for the first time its branches in New York, Tokyo and Singapore. They accounted for about half of the 15.3 per cent growth to Sfr44.6bn in the balance sheet and contributed disproportionately to the Sfr61.5m increase in operating costs.

Positive features for Volksbank were the higher net interest income of Sfr681m, although this figure is not strictly comparable with last year's Sfr615m, and the increase in lending to commercial clients. The bank said an improvement in results in 1991 was a "realistic expectation".

At Bank Leu, which is in the throes of restructuring, assets fell 4.6 per cent to Sfr12.4bn last year, mainly due to a drop in interbank transactions.

Net earnings plunge 37% at Amax

By Kenneth Gooding, Mining Correspondent

AMAX, the US natural resources group, reported a 37 per cent drop in net earnings for last year, from \$860.4m to \$541.9m in 1990 to \$225.9m or \$2.58m.

This was despite an improvement in fourth-quarter net earnings which were up from \$151.1m or \$1.51m in 1989 to \$180.1m or \$1.80m.

Mr Allen Born, chairman, said the results were satisfactory, particularly in the light of weaker aluminium prices and the US recession.

"Throughout the year, and especially in the fourth quarter, Amax was able to maintain a healthy earnings trend. That is a significant accomplishment in today's environment," he added.

"The company is beginning to see the benefits of its expansion programme and we look forward to continuing improvement as the 1990s unfold."

Sales in 1990 totalled \$3.8m, down slightly from \$3.9m in 1989, a decline attributable mainly to the fall in the price of primary aluminium and aluminium products. The average industry price of primary aluminium ingot fell to 74 cents a lb last year from the 1989 average of 88 cents.

Amax's aluminium operations had their third best earnings year in 1990 with operating earnings of \$369m on sales of \$2.5m. Coal contributed operating earnings of \$115m and oil and gas \$25m.

Shipyard deal approved by Finland

By Enrique Tessieri in Helsinki

FINLAND has given Kvaerner, a Norwegian shipyard and offshore oil technology group, approval to acquire Masatrade, a shipbuilding company built from the wreckage of Wärtsilä Marine, one of Europe's largest shipyards.

The Finnish state has also agreed to sell to Kvaerner its 27 per cent stake within Masatrade for FIM140m (\$39.6m). Union Bank of Finland (UBF) and EdJohn, a Finnish shipbuilding group, together with Carnival Cruise Lines have also agreed to relinquish their joint 21 per cent stake of Masatrade to Kvaerner.

Last November, Kvaerner acquired 88 per cent of Masatrade for FIM120m from UBF/EdJohn. The acquisition by the Norwegian company happened after the Finnish government made an unsuccessful bid to merge Finland's two other shipyards - Rauma-Repol and Holming - with Masatrade.

SE to launch new index of European stocks

By Richard Waters

THE FT-SE Eurotrack 200, a new index of European stocks, is to be launched by London's International Stock Exchange on February 25.

This follows a similar index, the Eurotrack 100, launched last autumn, with the difference that the 200 includes UK as well as continental European stocks.

Mr Herschel Post, ISE deputy chairman, said the two indices would appeal to different types of fund managers, depending on whether they looked at continental Europe as a separate part of their portfolios, or whether in investment terms they regarded the continent as a whole.

The real-time index is an amalgamation of the Eurotrack 100 and the FT-SE 100 index of UK stocks, with real-time prices drawn from the ISE's SEAQ and SEAQ International price quotation systems.

The indices were designed to track closely the main benchmark indices, including the FT

Bouygues ran TF1 without reference to other shareholders. He opposed the construction group's choice of Mr Patrick Ley as chairman and complained that the channel lacked European ambition.

It is not yet known which of the other investors will pick up the shares, amounting to a total stake of 18 per cent, now on the market, including the Italian publishing group, Rizzoli-Corriere della Sera, which bought 2 per cent last November, the Groupe Worms holding group, and the bank Société Générale, among others.

LA Gear shows sharper decline

L.A. Gear, the US footwear and apparel maker which surprised Wall Street with its projections of a fourth-quarter loss of between 20 cents and 30 cents a share, yesterday turned in a larger than expected deficit for the quarter, writes Karen Zagor in New York.

The net loss was \$7.1m or 36 cents a share compared with net income of \$11.6m or 58 cents a year ago. The company also predicts a first-quarter loss this year.

L.A. Gear's bank group has advised the company that the fourth-quarter loss constitutes a technical default under the company's line of credit.

L.A. Gear has asked the bank group to waive the relevant provision of the credit agreement.

\$1.56 a share.

Dividend cut hits Goodyear shares

SHARES in Goodyear Tire & Rubber, the world's largest rubber fabricator, tumbled \$2 to \$18 yesterday morning after the company's announcement that it is sharply reducing quarterly dividend payments, from 45 cents to 10 cents, writes Nikki Tait in New York.

Goodyear has been buffeted by the depressed conditions in the US car market and suffered a flurry of restructuring charges.

The company added that it expects to report a small profit for the fourth quarter, when it releases its 1990 figures on Tuesday, but confirmed that there will be a full-year loss.

Aussedat Rey climbs 70% against industry trend

By George Graham in Paris

AUSSEDAT REY, the French paper group controlled by International Paper of the US, has announced a 70 per cent rise in net profits in 1990, striking out against a widespread downward trend in the paper industry.

The French company, which is European leader in photocopying papers, said net profits had risen to FF200.6m (\$40.1m) from FF117.7m in 1989, on sales up 3.6 per cent to FF5.59bn, thanks to big improvements in internal operations. Current earnings

rose 60 per cent to FF235.6m.

Aussedat said it had boosted productivity in all divisions and cut production costs, especially in its non-integrated paper mills. It has also developed higher value-added products, both in paper and in laminated products.

International Paper has just announced a FF2bn investment to double the capacity of Aussedat's pulp plant at Sallat. It has also just paid FF250m for the French cardboard and packaging businesses of Georgia-Pacific.

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year on year	High 1990/91	Low 1990/91
Gold per troy oz.	\$370.25	+4.50	\$415.75	\$420.25	\$345.75
Silver per troy oz.	192.85	+2.35	\$145.50	\$150.25	\$135.25
Aluminium 99.7% (cash)	\$1501.5	+33.5	\$1440	\$2227.5	\$1330.0
Copper Grade A (cash)	\$1214.5	+7.5	\$1339.5	\$1798.0	\$1172.5
Lead (cash)	\$546.5	+2.5	\$535.0	\$513.75	\$507.5
Nickel (cash)	\$655.5	-25	\$635.0	\$1137.5	\$597.5
Zinc SHG (cash)	\$1177.5	+7.5	\$1400.5	\$1889	\$1157
Tin (cash)	\$2572.5	+17.5	\$2510	\$3700	\$2545
Cocoa Futures (May)	2325	-15	\$2350	\$2350	\$2325
Coffee Futures (May)	2325	+3	\$2350	\$2350	\$2325
Sugar (LOF Raw)	\$217.0	+0.35	\$216.35	\$216.35	\$216.35
Sugar Futures (May)	\$216.55	+0.35	\$216.35	\$216.35	\$216.35
Wheat Futures (May)	\$127.00	+0.80	\$126.55	\$126.55	\$126.55
Crout Outlook A Index	\$47.50	+0.50	\$47.00	\$47.00	\$47.00
Wool (Gls Super)	\$59.00	-0.10	\$58.90	\$58.90	\$58.90
Oil (Brent Blend)	\$19.55w	-0.175	\$19.175	\$30.175	\$15.575

London Markets

SPOT MARKETS	Latest prices	Change on week	Year on year	High 1990/91	Low 1990/91
Crude oil (per barrel FOB)	\$14.75-0.05	-0.10	\$14.75	\$14.75	\$14.75
Dubai	\$14.75-0.05	-0.10	\$14.75	\$14.75	\$14.75
Brent Blend (March)	\$14.75-0.05	-0.10	\$14.75	\$14.75	\$14.75
WTI (1st oil)	\$21.40-1.40	-0.30	\$21.40	\$21.40	\$21.40
Oil products					
(NWE prompt delivery per tonne CIF)					
Premium Gasoline	\$337.241	-4	\$337.241	\$337.241	\$337.241
Gas Oil	\$315.320	-4	\$315.320	\$315.320	\$315.320
Heavy Fuel Oil	\$24.50	+3	\$24.50	\$24.50	\$24.50
Naphtha	\$226.230	+1.5	\$226.230	\$226.230	\$226.230
Petroleum Argus Estimates					
Other					
Gold (per troy oz)	\$370.25	+4.50	\$415.75	\$420.25	\$345.75
Silver (per troy oz)	192.85	+2.35	\$145.50	\$150.25	\$135.25
Copper (US Producer)	112	-1	\$112	\$112	\$112
Nickel (free market)	265	+3	\$265	\$265	\$265
Tin (Kuala Lumpur market)	2576	+0.85	\$2576	\$2576	\$2576
Tin (New York)	2576		\$2576	\$2576	\$2576
Zinc (US Prime Western)	70c		\$70c	\$70c	\$70c
Grain (live weight)	109.85p	+2.34	\$109.85p	\$109.85p	\$109.85p
Sheep (live weight)	148.85p	+0.71	\$148.85p	\$148.85p	\$148.85p
Pigs (live weight)	55.20p	+0.45	\$55.20p	\$55.20p	\$55.20p
London daily sugar (new)	\$277.00	+1.0	\$277.00	\$277.00	\$277.00
London daily sugar (white)	\$287.50	+0.5	\$287.50	\$287.50	\$287.50
Tate and Lyle export price	\$217.0	+2.0	\$217.0	\$217.0	\$217.0
Uniq. (English) fine	\$214.50		\$214.50	\$214.50	\$214.50
Uniq. (English) white	\$214.50		\$214.50	\$214.50	\$214.50
Wheat (US Dark Northern)	\$148.50		\$148.50	\$148.50	\$148.50
Wheat (US Hard Red)	\$148.50		\$148.50	\$148.50	\$148.50
Rubber (May No. 1 yellow)	\$1.00	+1.00	\$1.00	\$1.00	\$1.00
Latex (May No. 1 yellow)	\$1.00	+1.00	\$1.00	\$1.00	\$1.00
Rubber (May No. 1 yellow)	\$1.00	+1.00	\$1.00	\$1.00	\$1.00
Rubber (May No. 1 yellow)	\$1.00	+1.00	\$1.00	\$1.00	\$1.00
Rubber (May No. 1 yellow)	\$1.00	+1.00	\$1.00	\$1.00	\$1.00

COCOA - London FOC	Latest prices	Change on week	Year on year	High 1990/91	Low 1990/91
May	595	595	\$595	\$595	\$595
Jun	605	605	\$605	\$605	\$605
Jul	615	615	\$615	\$615	\$615
Aug	625	625	\$625	\$625	\$625
Sep	635	635	\$635	\$635	\$635
Oct	645	645	\$645	\$645	\$645
Nov	655	655	\$655	\$655	\$655
Dec	665	665	\$665	\$665	\$665
Jan	675	675	\$675	\$675	\$675
Feb	685	685	\$685	\$685	\$685

COFFEE - London FOC	Latest prices	Change on week	Year on year	High 1990/91	Low 1990/91
May	519	519	\$519	\$519	\$519
Jun	529	529	\$529	\$529	\$529
Jul	539	539	\$539	\$539	\$539
Aug	549	549	\$549	\$549	\$549
Sep	559	559	\$559	\$559	\$559
Oct	569	569	\$569	\$569	\$569
Nov	579	579	\$579	\$579	\$579
Dec	589	589	\$589	\$589	\$589
Jan	599	599	\$599	\$599	\$599
Feb	609	609	\$609	\$609	\$609

SOYABEAN - London FOC	Latest prices	Change on week	Year on year	High 1990/91	Low 1990/91
May	109.20	109.20	\$109.20	\$109.20	\$109.20
Jun	110.20	110.20	\$110.20	\$110.20	\$110.20
Jul	111.20	111.20	\$111.20	\$111.20	\$111.20
Aug	112.20	112.20	\$112.20	\$112.20	\$112.20
Sep	113.20	113.20	\$113.20	\$113.20	\$113.20
Oct	114.20	114.20	\$114.20	\$114.20	\$114.20
Nov	115.20	115.20	\$115.20	\$115.20	\$115.20
Dec	116.20	116.20	\$116.20	\$116.20	\$116.20
Jan	117.20	117.20	\$117.20	\$117.20	\$117.20
Feb	118.20	118.20	\$118.20	\$118.20	\$118.20

WHEAT - London FOC	Latest prices	Change on week	Year on year	High 1990/91	Low 1990/91
May	123.40	123.40	\$123.40	\$123.40	\$123.40
Jun	124.40	124.40	\$124.40	\$124.40	\$124.40
Jul	125.40	125.40	\$125.40	\$125.40	\$125.40
Aug	126.40	126.40	\$126.40	\$126.40	\$126.40
Sep	127.40	127.40	\$127.40	\$127.40	\$127.40
Oct	128.40	128.40	\$128.40	\$128.40	\$128.40
Nov	129.40	129.40	\$129.40	\$129.40	\$129.40
Dec	130.40	130.40	\$130.40	\$130.40	\$130.40
Jan	131.40	131.40	\$131.40	\$131.40	\$131.40
Feb	132.40	132.40	\$132.40	\$132.40	\$132.40

LONDON METAL EXCHANGE			
	Close	Previous	High/Low
Aluminium, 99.97 purity (\$ per tonne)			
Cash	1464-8		1499
3 months	1515-9		1543/15
Copper, Grade A (£ per tonne)			
Cash	1198-200		1215/12
3 months	1239-10		1257/12
Lead (£ per tonne)			
Cash	324-6		329/32
3 months	314-5-6		325/310
Nickel (\$ per tonne)			
Cash	8900-25		8975/85
3 months	9570-5		8900/85
Tin (\$ per tonne)			
Cash	5570-80		5690/55

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Alfa B (Free)	249
Alfa-Laval B (Free)	574
Alfa B (Free)	467

INDICES

NEW YORK STOCK EXCHANGE									
DOW JONES									
	Feb. 7	Feb. 8	Feb. 9	Feb. 10	1980-81	Since completion	Feb. 7	Feb. 8	Feb. 9
glatehite	280.64	283.94	278.37	277.28	HIGH	LOW	HIGH	LOW	LOW
Home Bonds	95.41	93.88	93.74	93.28	299.75	296.10	299.75	296.10	299.75
Transport	110.87	113.13	109.27	108.04	67.77	67.77	67.77	67.77	67.77
Utilities	23.47	23.83	23.74	23.67	92.74	92.74	92.74	92.74	92.74
STANDARD AND POOR'S									
Composite 1	356.32	356.67	351.36	348.34	348.95	348.95	348.95	348.95	348.95
Industrials	420.28	424.64	434.86	430.71	437.37	437.37	437.37	437.37	437.37
Financial	27.73	27.37	27.38	26.75	31.87	31.87	31.87	31.87	31.87
NYSE Composite	194.74	195.38	191.89	190.28	191.13	191.13	191.13	191.13	191.13
American Mkt. Value	394.46	392.73	395.41	393.13	392.45	392.45	392.45	392.45	392.45
NASDAQ Composite	435.01	439.24	432.28	424.80	435.01	435.01	435.01	435.01	435.01
Dow Industrial Ind. Yield	3.70	3.68	3.90	4.16					
S & P Industrial div. yield	3.02	3.20	3.30	2.89					
S & P Ind. P/E ratio	17.39	16.58	16.00	14.68					

NEW YORK ACTIVE STOCKS									
Thursday	Stocks	Closing	Change	1 Volume	Millions	Feb. 7	Feb. 8	Feb. 9	Feb. 10
Aluminum	9,460,000	72	+	New York	293,399	276,940	290,570		
Chrysler	3,595,300	17	+	Amex	20,075	21,339	22,910		
Gen Motors	3,352,000	35 1/4	+	NASDAQ	293,591	291,591	288,515		
Phillips Petroleum	3,028,400	34	+	NYSE	2,460	2,460	2,460		
Wad-Merrill	2,863,200	3 1/8	+	RUSSE	2,460	2,460	2,460		
Exxon	2,743,000	40 1/4	+	Falls	837	837	837		
Waste Management	2,738,000	33 1/4	+	Unchanged	388	375	375		
Gen Electric	2,611,200	64 1/2	+	New High	172	168	181		
GTE Corp	2,551,000	34	+	New Low	8	8	8		
Am T & T	2,535,100	34	+						

CANADA TORONTO									
	Feb. 7	Feb. 8	Feb. 9	Feb. 10	1980-81	HIGH	LOW	HIGH	LOW
Metals & Minerals	3062.19	3073.48	3003.13	3001.29	3433.35	3433.35	3433.35	3433.35	3433.35
Composite	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35
INDUSTRIAL	1845.03	1845.03	1817.95	1822.28	2004.90	2004.90	2004.90	2004.90	2004.90
Base values of all indices are 100 except NYSE, Standard and Poors - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1974. S & P - 1957. Industrial, P/E, Utilities, Finance and Transportation, Co. Closed, Co. Unavailable.									

MONTREAL PORTFOLIO									
	Feb. 7	Feb. 8	Feb. 9	Feb. 10	1980-81	HIGH	LOW	HIGH	LOW
Metals & Minerals	3062.19	3073.48	3003.13	3001.29	3433.35	3433.35	3433.35	3433.35	3433.35
Composite	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35
INDUSTRIAL	1845.03	1845.03	1817.95	1822.28	2004.90	2004.90	2004.90	2004.90	2004.90
Base values of all indices are 100 except NYSE, Standard and Poors - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1974. S & P - 1957. Industrial, P/E, Utilities, Finance and Transportation, Co. Closed, Co. Unavailable.									

AUSTRALIA									
	Feb. 7	Feb. 8	Feb. 9	Feb. 10	1980-81	HIGH	LOW	HIGH	LOW
Metals & Minerals	3062.19	3073.48	3003.13	3001.29	3433.35	3433.35	3433.35	3433.35	3433.35
Composite	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35	3433.35
INDUSTRIAL	1845.03	1845.03	1817.95	1822.28	2004.90	2004.90	2004.90	2004.90	2004.90
Base values of all indices are 100 except NYSE, Standard and Poors - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1974. S & P - 1957. Industrial, P/E, Utilities, Finance and Transportation, Co. Closed, Co. Unavailable.									

NEW YORK ACTIVE STOCKS									
Thursday	Stocks	Closing	Change	1 Volume	Millions	Feb. 7	Feb. 8	Feb. 9	Feb. 10
Aluminum	9,460,000	72	+	New York	293,399	276,940	290,570		
Chrysler	3,595,300	17	+	Amex	20,075	21,339	22,910		
Gen Motors	3,352,000	35 1/4	+	NASDAQ	293,591	291,591	288,515		
Phillips Petroleum	3,028,400	34	+	NYSE	2,460	2,460	2,460		
Wad-Merrill	2,863,200	3 1/8	+	RUSSE	2,460	2,460	2,460		
Exxon	2,743,000	40 1/4	+	Falls	837	837	837		
Waste Management	2,738,000	33 1/4	+	Unchanged	388	375	375		
Gen Electric	2,611,200	64 1/2	+	New High	172	168	181		
GTE Corp	2,551,000	34	+	New Low	8	8	8		
Am T & T	2,535,100	34	+						

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MINES—Contd[illegible]

4	2	240	Western 50c	242	3	03c	1.9	5
1.7	12	240	Sanjon Exploration	243	3	00c	42.4	
12	12	240	San Jose Gold	244	3	00c	42.4	
		240	Southern Pacific	245	3	00c	42.4	
		240	Union Pacific	246	3	00c	42.4	
		240	Utah 50c	247	3	00c	42.4	
		240	Utah 50c	248	3	00c	42.4	
		240	Utah 50c	249	3	00c	42.4	
		240	Utah 50c	250	3	00c	42.4	
		240	Utah 50c	251	3	00c	42.4	
		240	Utah 50c	252	3	00c	42.4	
		240	Utah 50c	253	3	00c	42.4	
		240	Utah 50c	254	3	00c	42.4	
		240	Utah 50c	255	3	00c	42.4	
		240	Utah 50c	256	3	00c	42.4	
		240	Utah 50c	257	3	00c	42.4	
		240	Utah 50c	258	3	00c	42.4	
		240	Utah 50c	259	3	00c	42.4	
		240	Utah 50c	260	3	00c	42.4	
		240	Utah 50c	261	3	00c	42.4	
		240	Utah 50c	262	3	00c	42.4	
		240	Utah 50c	263	3	00c	42.4	
		240	Utah 50c	264	3	00c	42.4	
		240	Utah 50c	265	3	00c	42.4	
		240	Utah 50c	266	3	00c	42.4	
		240	Utah 50c	267	3	00c	42.4	
		240	Utah 50c	268	3	00c	42.4	
		240	Utah 50c	269	3	00c	42.4	
		240	Utah 50c	270	3	00c	42.4	
		240	Utah 50c	271	3	00c	42.4	
		240	Utah 50c	272	3	00c	42.4	
		240	Utah 50c	273	3	00c	42.4	
		240	Utah 50c	274	3	00c	42.4	
		240	Utah 50c	275	3	00c	42.4	
		240	Utah 50c	276	3	00c	42.4	
		240	Utah 50c	277	3	00c	42.4	
		240	Utah 50c	278	3	00c	42.4	
		240	Utah 50c	279	3	00c	42.4	
		240	Utah 50c	280	3	00c	42.4	
		240	Utah 50c	281	3	00c	42.4	
		240	Utah 50c	282	3	00c	42.4	
		240	Utah 50c	283	3	00c	42.4	
		240	Utah 50c	284	3	00c	42.4	
		240	Utah 50c	285	3	00c	42.4	
		240	Utah 50c	286	3	00c	42.4	
		240	Utah 50c	287	3	00c	42.4	
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Lucas Inds.	
Marks & Spencer	
Midland Bk.	
Nat West Bk.	
P & O Dtd.	
Royal Elect.	

Teslar Res.	2
Ultramar	29

Mines

Lochno	19
RTZ	48

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Weekend FT

SECTION II

Weekend February 9/February 10 1991

Renaissance in Dresden

KURT RÖNSCH can no longer contain his emotions. Sitting in his half-derelict, half-reconstructed factory on the fringes of Dresden in what used to be East Germany the 73-year-old businessman struggles to choke back the tears as bitter memories of a life that has passed almost entirely in the grip of war or tyranny well up.

In 1972, in its last wave of nationalisations, East Germany's communist government seized control of Rönisch's family company, falsifying the books to deprive him of compensation and installing as his boss a party member who knew nothing about the business but owed his position to his loyalty to the regime. It was not in the party so I got nothing," says Rönisch.

Rönisch exercised the right of former owners to repurchase nationalised properties. He bought back the electrical equipment manufacturing concern from the Treuhänder, the German government body which has taken control of the 27,000 businesses in the east and is in the tortuous process of privatising them.

Now Rönisch's struggle with the Treuhänder's civil servants, many of them former party officials in the government which oppressed him, is not over. Having spent months establishing that his claim to the factory was legitimate and proving that he had a business plan to ensure employment levels at the plant he still has to come up with DM1m to complete the purchase.

Fifty years ago Rönisch was typical of the many small businessmen who had helped to make the area of Germany around Saxony and Thuringen one of Europe's most vibrant centres of industrial capitalism. His courage in taking on the task of rebuilding his business is a sign that the traditions of the area are reasserting themselves.

Members of the 350,000 strong eastern army who are in the area on the streets are a reminder of the past, their presence made all the more ominous by the threat of civil war looming in their homeland. But insecurity is more deeply rooted than this. East Germans are finding that although their revolution was largely peaceful it is far from painless. They face the threat of mass unemployment, the steady elimination of state subsidies for everything from rents to rail fares, and the challenge of rebuilding not just their roads but also their lives. It is a task which for many will involve migration, for others retraining and for most coping with the tensions of a society in which the market, not the party, will determine who prospers.

There is no mistaking the envy with which some of his fellow businessmen view Rönisch's success. Wolfgang Schubert, who works at the Dresden branch of the Treuhänder, says bluntly that Rönisch is among the lucky ones. He is pur-

chasing this is, by German standards, a good property not far from the city centre, half of which at least has been modernised because its output was mainly for export. Schubert does not make the point, but speculation, especially property speculation, is one of the foundations on which the new east German economy is being built.

Rönisch, however, wants to re-establish the business he founded before the Second World War and pass it on to his son, who has agreed to leave his job with the US computer company IBM in Augsburg in the west to join him.

The majority of those who are buying businesses in east Germany differ, but some patterns are emerging. One is the extraordinary amount of support from the established capitalist concerns in the west.

Rönisch has been given an annual order for 10,000 electric machines - his company's only product - from WIK, a company in Essen which is providing him with a more modern production line. WIK is moving from a factory in Spain. Productivity has climbed since he took over. The rise is in large measure a reflection of his discipline on the factory floor.

"We produced 1,000 machines in June of last year. In December it was 2,250," he says proudly brandishing the neatly handwritten manuscript and adding: "The workforce has only risen from 100 to 200 people."

Support from the west is common. Deutsche Bank, the largest German bank, and Dresdner Bank together bought control of Kreditbank, the leading east German banking concern. The two divided Kreditbank and its branches between them and took on its staff.

But European businessmen watching economic developments in east Germany say that more than calculations lie behind the strenuous efforts of west German companies to rebuild the east. "They would never do it in any other country," says one who is a patriotic impulse at work. "They give east German concerns management specialists for weeks and months, they take east Germans back to the west to train them." It is the intangible image of the efforts which the German federal and state governments are making.

This is not to suggest that the west German companies are behaving in a way which is uncharacteristic with their long-term profitability. The sheer scale of the task makes that clear. The Ifo Economic Research Institute in Munich estimates that manufacturing industry alone will invest some DM10bn in the former DDR this year.

In spite of this heavy commitment of the corporate sector, the

As east Germans struggle to meet the challenge of market economics, Stewart Fleming meets the capitalists who came in from the cold

coming months will be hard ones in the east.

This year unemployment will soar to around 20 per cent as standstill agreements with trade unions run out and more and more companies begin to dismiss workers who they have been keeping on the books even though there has been no work for them. It is widely assumed that most of the 1.7m

unemployed are not needed at their workplaces and will be joining the half million already on the unemployment list.

Things will be having the same thoughts as Andreas Pohlen, a trained engineer employed now as a porter at Dresden's Bellevue Hotel. "Everything is very uncertain now. I want to go to the west where I would earn three times as much," he says.

The brutal reality, according to a businessman working for a west German company in Dresden, is that the anticipated unemployment is needed "to drive people to new jobs."

Some fear that the discontent aroused by mass unemployment will be aggravated by the need to import labour to undertake the massive reconstruction of roads, railways and houses. Many east Germans who will lose their jobs will not want to take on low-paid manual labour. Others have either already left for the west, which is suffering from a labour shortage or, are planning to do so.

Dr Norbert Walter, chief economist of the Deutsche Bank, is one of those warning that labour shortages in Germany will mean that more foreign workers will have to be brought into the labour force.

It is a development which could revive the controversies about the role of *gastarbeiter* (guestworkers) in the '60s and '70s. Some suggest that the most likely source of such labour is Poland. Already, says one west German banker, the influx of Polish prostitutes into Berlin is causing tension.

Unemployment will be only one of several sources of intensifying social tension in the east German states of Germany as the safety net which existed in the transition to a unified Germany under Helmut Kohl's path to re-election, is dismantled.

The fierce controversy surrounding the privatisation process in the east seems destined to intensify. The Treuhänder is under attack for moving too quickly in the eyes of some, too slowly in the eyes of others, in selling off the businesses and the property in its portfolio.

The right of repurchase granted to some old owners, including many who are now foreign workers living abroad, is a legal minefield for would-be purchasers. The Treuhänder's wish to sell to purchasers who will maintain employment levels and have a business plan with a long term future rather than just a desire to turn a quick speculative profit, coupled with the problem of valuing assets in an economy which has no functioning market system, are just some of its problems.

It is criticised not just for selling out the best business too cheaply but also for having disposed of others to the benefit of the old regime.

The charge of "mismanagement" levelled against the Treuhänder is met by one Frankfurt banker who says the way the privatisation process is being conducted means that it is impossible to manage well. How can a few hundred civil servants, most of them former East German officials with no business



Illustration: Ashley Lloyd

east Germans do not have basic capitalist skills in accountancy, the law and marketing. But the biggest deficit is the lack of self-confidence. Echoing the judgment of a businessman in Dresden he says "the people of the country are a region which lacks leaders."

"Before we were told what to do. Now we can decide for ourselves what direction to take. But we lack the courage and self-confidence to make decisions. We have to learn to take responsibility ourselves."

Just how difficult that can be is underscored by a man who says that, lacking experience in a market economy, some Germans display an almost childlike naivety about borrowing money, wanting huge amounts which have no relationship to their ability to repay, or such modest sums it is hard to understand why they think the money can be adequate.

The rapid adjustment to the new reality which is facing them will create stress for a people who are already under more pressure than perhaps they realise.

"People are easily wounded. They lack a political identity. They have lost a country and like a child who suddenly discovers the father is a thief, they are sometimes consumed with guilt about the past and about the wasted years," said a western businessman working in east Germany.

Old men such as Rönisch only have the time to mourn the past. Lindner is young enough to face up to the need to conquer it.

Driving past the ruins of a city still marked by an act of Allied vengeance in the Second World War, he says "we must not fight over the past," recalling the nights when he demonstrated for freedom on the streets of Dresden just over a year ago, he adds, "certainly plenty has happened which was unjust. Businesses have been sold to the wrong people... the party members who bought them were not actually paid. But in some ways it is similar to the post-war period when for example, judges who had worked for Hitler were still working between right and wrong when the war was over. Of course those who failed in their responsibilities must be punished, but we cannot punish them endlessly. We must move on. We do not have a surplus of able people. It is unrealistic to think about founding a perfect society."

The wintry forecast for depositors

THIS HAS been a good week for the London stock market, although perhaps not buoyant enough to allow investors to forget that they are still showing losses over the past year.

The dreary performance of equities has become a serious problem for unit trust companies and stockbrokers seeking to sell investments to the public.

Traditionally their sales patter has been that, whatever the stock market's ups and downs, over the long term equities will always outperform other investments, notably building society investments.

You can choose long term how you like, but after five years private investments get very restless if things are not going well, especially when they have to be sold to meet a need such as that experienced during 1987.

And in the past five years building society depositors have, on the whole, done better than unit trust investors. Perhaps that is why the stock market has become so frenzied this week in the prospect of lower interest rates.

According to the *Money Management* £1,000 invested in a Halifax savings account at the beginning of 1986 would have rolled up to £1,533 by the end of 1990, with income reinvested, whereas the average unit trust investor would only have climbed to £1,436.

This period was by no means an exceptionally bad one for equity investors. Indeed, an average unit trust rate of

return (capital growth plus net income) of 7.5 per cent gave a reasonable margin over average UK inflation, which works out to have been 6.5 per cent a year.

One problem, however, is that the typical unit trust has been burdened by ever-rising charges.

Interest and sales charge is now about 6 rather than 5 per cent, and the annual charge 1.5 rather than 1 per cent, and counting further deductions which may be made from the fund for selling, custody and so forth.

Over a period of five years an investment in a unit trust is likely to underperform the underlying stock market by 2.5 to 3 per cent a year, simply on grounds of costs.

The Halifax actually produced an annual rate of return of 11.2 per cent in this period, 4 per cent ahead of inflation.

This is not very different from the range of 4.5 to 6 per cent which the recent long-term Barclays de Zoete Wedd study of investment returns since 1918 suggested was a reasonable expectation of the real return on equities likely to be obtained by a standard rate taxpayer.

In fact quite a few UK general and income funds have got reasonably close to the all-growth performance over the past five years and managed to beat the building society returns.

But many of the so-called "growth" trusts were trapped in the shares of small companies, and performed dreadfully.

The Long View



Solid real returns have given rare rewards to retail depositors in the past five years, while the stock market has often struggled. But equity investors scent a new phase...

As for overseas funds, Japan and Europe did quite well, but there are still 500 unit trusts in the International Growth and North American sectors, where returns were generally poor. But although unit trusts have their own particular prob-

lems, the other side of the story is that share investors have been very hard to beat in the past few years. If you can roll them up gross in a Tessa, so much the better.

According to the Halifax index used by *Money Management* the annual real return on a building society investment has averaged about 2.5 per cent over the past five years.

By historical standards this is a phenomenal figure: during the 1970s there was a negative annual real return of 6 per cent overall on building society accounts, peaking with a shocking 11 per cent loss of purchasing power by 1975.

Even though the value of money dropped by 35 per cent over the period, the real return was held to about 7.5 per cent net through inflation and tax.

That was the strange route from the monetary explosion of the early 1970s: the real money supply had been contracted, and a fall in the value of money was the mechanism.

Now the government is grappling with the consequences of the monetary explosion of the 1980s.

Desperately it is sustaining real returns at positive levels because if the currency is subject to a dollar-style collapse, and inflation surges again, the competitive will be surely swept away at the next General Election. But how, then, is the real money supply to be reduced?

The damage being done by the corporate sector is obvious enough. The recovery in

company profitability which was a feature of the 1980s is being rapidly eroded: from 15 per cent in 1987 the share of gross trading profits in GDP had fallen to 10.9 per cent by the third quarter of 1990. True, the stock market has not actually noticed this yet, but British investors should have taken heed of the experience in the US.

There the stock market is being sustained by currency depreciation and interest rate cuts, and in local currency is about 7 per cent ahead of a year ago - but to a British investor that gain has been more than eliminated by a 16 per cent loss on the dollar.

In Britain the crunch is now coming for the high interest rate strategy. The way things are going the real money supply will be reduced by defaults and a contraction of the financial system. But unanticipated risk is the potential for panic among depositors: that is why the American banking system reforms proposed by the FDIC failed properly in 1980.

The problem of over-generous deposit guarantees that have sapped the moral fibre at US financial institutions.

So the beleaguered unit trust managers in Britain may have good reason to hope that the emergence of high interest savings accounts as apparently unbeatable competition may prove temporary. Building society investors, meanwhile, had better watch out. That, at any rate, was the glib assumption behind this week's equity market action.

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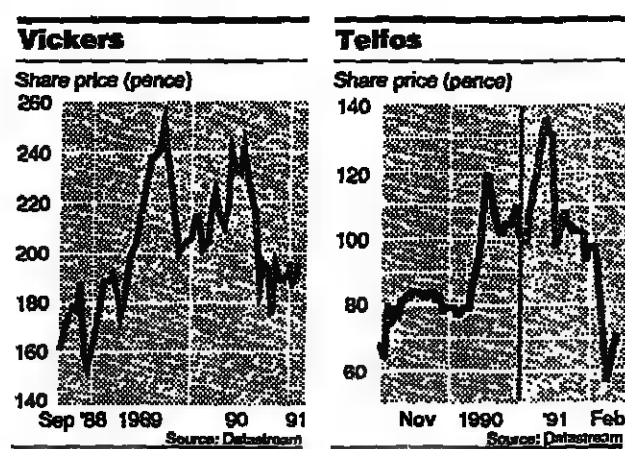
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مكاتب الأمل

MARKETS

FINANCE & THE FAMILY: THIS WEEK



Brierly sells 20% stake in Vickers

One of London's longest-running boardrooms finally came to an end on Tuesday when Sir Ron Brierly, the New Zealand entrepreneur, sold his 20 per cent holding in Vickers. Sir Ron's investment vehicle, IEP Securities, built up the stake in September 1988, and last year made an ambitious proposal to sell the company's Rolls-Royce Motor Cars business.

Hostile £38m bid for Telfos collapses

Castings company William Cook's hostile £38m bid for Telfos, a Leeds-based engineering group, collapsed on Thursday, after auditors' report revealed greater problems with the target than had previously been suspected. At this point the market only valued Telfos at £18.1m, following a slide in Telfos' share price from 98p to 67p on the back of the report.

Fimbra in danger of going bust

Fimbra, one of the City regulatory bodies set up to improve protection, is in danger of going bust as the collapse of some of its members has resulted in substantial compensation claims. Fimbra, which stands for Financial Intermediaries, Managers and Brokers Regulatory Association, covers brokers and independent investment advisers selling financial products and services to the public. Sir Gordon Downey, chief executive of Fimbra, warned that in order to survive, the organisation would have to be bailed out.

Labour studies tax incentives for low paid

Labour is planning a scheme to encourage saving by the low paid, it was announced on Wednesday. John Smith, the party's economic spokesman, has gathered a number of experts to work on the project, which would aim to expand the total number of savers in the UK. Tax Exempt Special Savings Accounts (Tessas) are favoured by Labour but the party fears that the new accounts will only attract relatively affluent people already held building society accounts. Labour's scheme would provide a tax incentive for savers to invest money in a new fund, and commit savings for a specified period.

Life assurance and pensions business at record levels in 1990

The UK life insurance industry still managed to improve its performance in 1990, despite a record low in new business. The annual premium income rose 7 per cent to £7.9bn. Personal pension income was strong during the year, particularly single premiums up nearly 60 per cent to £2.1bn. However, the new business results from individual life companies show that some of them have not fully participated in this overall improvement, an indication that selling life insurance products has become much tougher.

Ivory & Sime links with NEL Britannia

Ivory & Sime's British Assets Trust is being linked to an NEL Britannia pension plan in the latest attempt to market investment funds on a wider basis. Late last year, Foreign Colonial was linked in a similar way to policies offered by Norwich Life.

Capital launches Trafford Park trust

Capital Ventures, the Cheltenham-based financial services company, has launched an enterprise trust to invest in commercial property in Trafford Park, Manchester, and Tyne-side. The closing date for investments in the trust, CAPITAL CERT VII, will be February 11, although the company pointed out that the £25m oversubscribed fund will close before the end of the year.

Greg Middleton, the stockbroker, has been asked to lead the EIT, investing in prime property in Dundee, was already fully subscribed. EIT investments are subject to full allowances, and the fund will be able to invest on loans taken out to fund the investments.

John Authors

Fragile optimism in the face of pain

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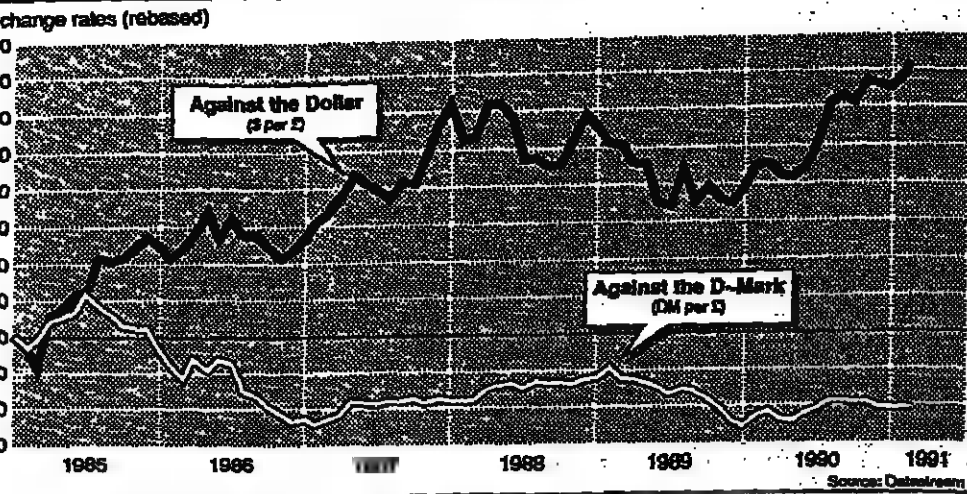
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Sterling



Buyers defy the prophets of gloom

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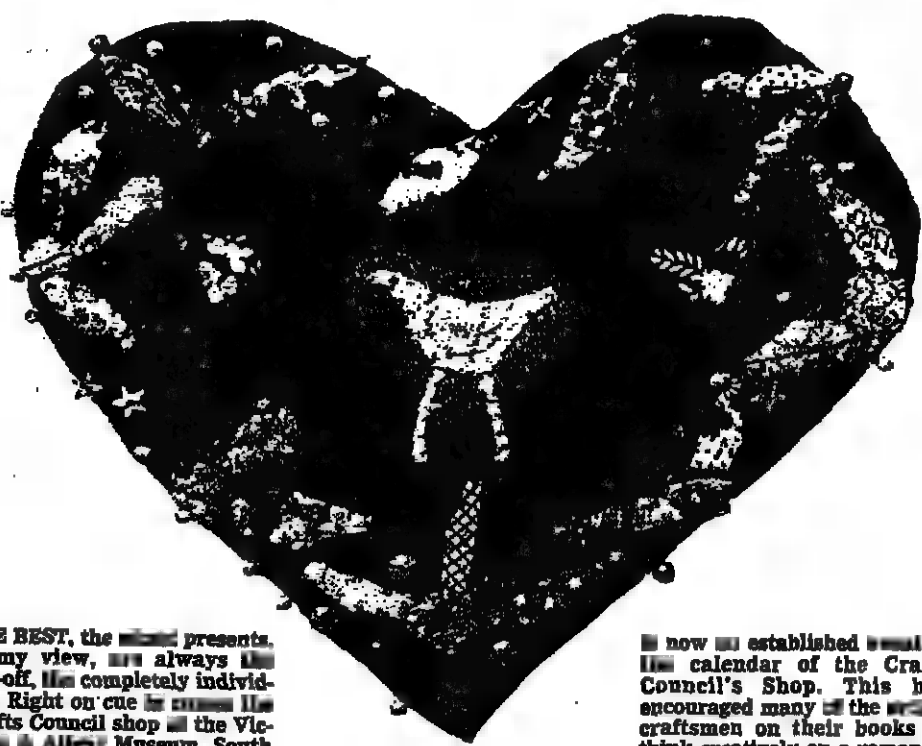
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There's no need to get too soppy on Valentine's Day, says Lucia van der Post. She picks some straightforward gifts for the one you love

SMOOCHYKINS sends lovingest message to his darling pamperkins — yes, it's that time of year again. You may think that nobody could be quite so daft but . . . Every year the number of messages in the personal columns gets longer, the words get daffier and the amount of money that changes hands in

pursuit of the soppy tribute gets larger. If you, too, have somebody whom you would like to please you do not have to indulge in the silly, the wasteful or the downright vulgar. There are lots of straightforward things which would be welcome. Here are just a few:



THE BEST, the ~~most~~ presents. In my view, are always the one-off, the completely individual. Right on cue ~~is~~ the Crafts Council shop at the Victoria and Albert Museum, South Kensington, London. It's a lot of ~~expensive~~ for Valentine's day.

They come inexpensive and expensive, ~~just~~ and serious, beautiful and eccentric - in other words, there ought to be something for everybody. There are little round pewter silver love tokens - Jane from 23.50, jewellery by

Hazel Jones from \$8.60, cufflinks (at last, something for the chaps) at \$64 in etched copper by Judy McCaig, a theatre box by Jim Edmiston for \$207 and a series of fabric collages, like the heart photographed here, by Janet Bolton, at about \$325.

■ now ■ established ■ in ■ the ■ calendar of the Crafts Council's Shop. This has encouraged many of the ■ craftsmen on their books ■ think creatively on a romantic theme, so this year's crop of ideas is richer than ever. The shop opens for the same hours as the museum - from 10 am to 5.30 pm from Monday to Saturday and from 2.30 pm to 5.30 on Sundays. The forgetful, late or suddenly inspired can rush along on the day itself as the exhibition doesn't close until 5.30 on February 14.

I AM not quite sure who might need a whole book of 24 full-colour postcards on a romantic theme but they are certainly pretty enough to look at and come ready to pull out and post. They are all reproductions from the Henry Ford Museum in Dearborn, Michigan.

unabashedly sentimental message as: "Without you love my heart will ~~have~~ away" and "Oh will't be mine, my Valentine." ~~It is~~ from The Dover Bookshop, 18 Earlham Street, London ~~W.C.2~~.

romance on their mind. *Art & Love: An Illustrated Anthology of Love Poetry*, a New York Metropolitan Museum of Art production, is beautifully produced and has some of the best-known love poetry (Andrew Marvell, Catullus, Wordsworth) as well as some new delights. (\$11.95, pgs. 23, 90).

A drink to melt the heart

FOR THE post-Ovalteeny generation, that powdery combination of cocoa, glucose and colouring known as drinking chocolate has about as much romantic allure as a flannel nightgown.

In previous centuries, drinking chocolate enjoyed a more sophisticated image. It was found in the coffee houses of 17th century mercantile London, the homes of the European aristocracy, and even in Mozart's operas. As Despinas, a chocolate maker in Paris, Tutie, prepares chocolate for her pampered employers, she laments the fate of servants like herself whose lot is to be "seduced" by the aroma, while they get to enjoy the taste.

Chocolate was also sold on containers for vendors, and in crab water sellers. The large, insulated containers on their backs and dispensed the drink through pipes into temporary engravings on the that the were were elaborate, decorative objects, sporting a trumpet-shaped spout and a handle clad in rich fringed fabric. The from the heyday in Europe, chocolate drinking, but modern experts like Jean Charbonnel Walker imports one from France, (sketched below), made of white porcelain, and cost \$1,500 in the 19th century, which was \$50. In Latin America, where chocolate is still widely drunk in a concentrated, "hot" form, the shipping is done with a *molinillo*. The

In an effort to restore its former attractions, Charbonnel et Walker has introduced a drinking chocolate very like the one which used to make its appearance each morning in the boudoirs of the aristocracy.

Sold in 500 gr. tins in which the product looks like real milk chocolate - without any exactly the same. The oil has been added to allow the chocolate to melt. The Dalmatians are softened over a paste with boiling water and hot milk in their milk. For larger quantities, the chocolate can be blended in the milk in the pan.

The drink has an extremely rich flavour, with the faintly oily quality of pure melted chocolate and a creamy after-taste. It needs no sugar - in

Marilyn Bentley

HALCYON Days is always a source of romantic ideas. Its enamelled boxes with a range of sweet messages are much collected by aficionados and many buy each new limited edition. This year's St Valentine's box (left) is the 18th in the series and is decorated with lovebirds, hearts and flowers. It features an opening line by Elizabeth Barrett Browning poem: "How do I love thee? Let me count the ways... and £55 for **HALCYON** Days, 14 Brook Green, London W1. If that sounds a little copy there is, for instance, the 1891 edition, an enamelled box with the message "A Year in a Basket" and the lid, £12.

of **stones** in the **middle** **ranges**, while **stone** for whom **time** is so **a** mere **trifle** will be able to **live** in that **house** as well. The **gold** **brace** photographed **here** is French, dates from around 1900 and has a border of diamonds, all very **art nouveau**. From Maurice Asprey's stand (41 Duke Street, London SW1) it sells for £3,500.

ANYBODY not **here** **was** **has** managed to **earn** a nice fat bonus or has reaped some kind of windfall, even in the current gloomy night — like a Valentine's day cutting to Sotheby's at 3.35 — Bond Street, London W1A 2AA — when, jewels

are the sweet china ~~china~~ **are** ~~are~~ suitably bearded messages ~~are~~ **are** £2.25 and enamelled ones at £22.95.

■ If your idea of a romantic night is one spent in rather than out and you live ~~live~~ **live** near ~~near~~ **near** south London, then Souzy's Food Shop, 92 Church Road, Epsom, Surrey, OQ2 (Tel: 081-741-8451) will deliver a ~~ready-to~~ **ready-to** fix meal for two for £35 (not a romantic ~~price~~ **price**, I know, but that is cheaper than almost any restaurant) complete with herbiboned box, linen napkins and a rose.

You ~~get~~ **get** half a ~~double~~ **double** of champagne ~~and~~ **and** you ~~can~~ **can**

A detailed black and white illustration of chocolate-making tools. On the left is a large mortar and pestle. In the center is a bag of 'CHOCOLAT BONNEL CHOCOLATE DRINK' powder. To the right is a smaller mortar and pestle, and in the foreground is a small bowl filled with powder. The entire scene is set against a plain background.

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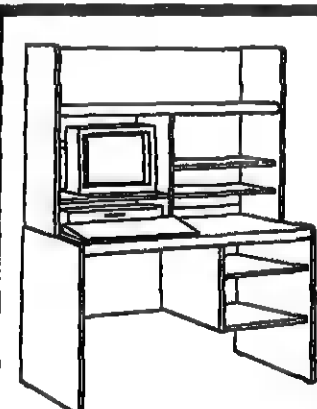
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ANYBODY not heart-shaped has managed to earn a nice fat bonus or has reaped some kind of windfall, even in the current gloomy economy, might like a Valentine's day outing to Sotheby's at 36 Bond Street, London W1A 3AA, where jewels are being sold, falling under the hammer.

Not everything, needless to say, heart-shaped but serious admirers will find lots of heart-shaped necklaces, heart-shaped earrings, heart-shaped cufflinks, heart-shaped brooches, heart-shaped diamond bracelets, heart-shaped amethyst and diamond bangles and lots, lots more. Contenders, though, will need to have at least £600 to spend. Bidding is on Sunday February 12, from 12 noon to 4 pm and on Monday from 9 am to 4.30 pm.

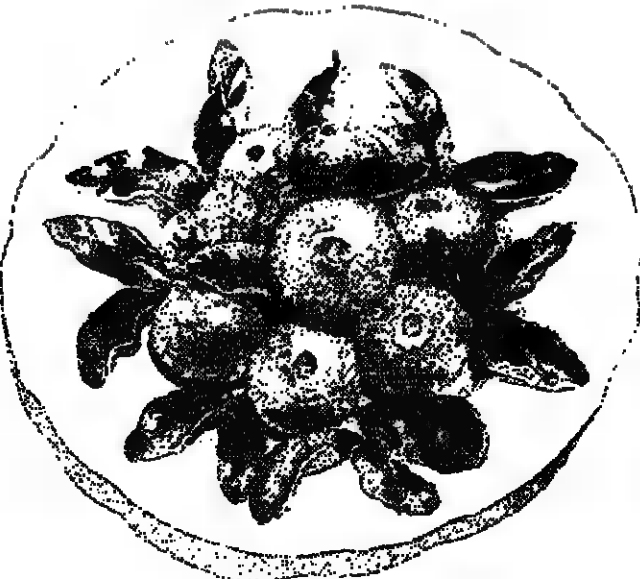
ONQ (1st: 071-741-3451) will deliver a ready-to-go fish meal for two for \$12.95. Romantic **THEIR** I know, but that is cheaper than almost any restaurant complete with herbivorous box, linen napkins and a rose.

Yes, **half** a **double** of champagne. **you** **gold** **serious** woolen **gold** **bringing** another half as well - blinis with salmon caviar, conibals, **coeur** & **to** with passion fruit **chocolates** and **in**. All orders should **in** by February.

• A replica of a gold ring discovered on the site of Shakespeare's Rose theatre in London would make a charming gift for the Big Day. It **just** a simple gold band **heart** pierced by **arrow** **archaic** French. **POVR MOVE?** It **\$58** to

IF THERE is something to celebrate, Joanna Wood of **the Pimlico Road, London NW11 5LP** (tel: 071-730-5064) has a **Valentine's day** match. For Valentine's day she has a collection of decorative plates, (below) each different, each hand-made and hand-painted by the French.

Viennet, who specialises in the art of *trompe l'oeil*. These are plates of fruits of every kind - grapes, mangoes, cherries - as well as petit fours, chocolate, sugared almonds and nuts. Not meant for actual dining, more as decorative pieces. Small plates are £33, large ones £86.50.



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GARDENING

A Nymph that became too constant

Robin Lane Fox reveals his off-on affair with a house plant

There are flowers on other people's indoor azaleas and buds on the gardenias. Cymbidium orchids are about in pots in a mass of young plants and the indoor hyacinths are beginning to turn sickly-sweet if you remembered to plant them early last autumn.

I wish I was so organised. I can cope with bulbs for unheated houses and alpine plants which like indoor temperatures which amounts to marital cruelty. Otherwise, house plants are not my strong suit. For years I have been looking for the ideal indoor plant. It will not be a magnet for greenfly, it will flower for months and will not sulk for the rest of the year. I forgot to mention it. In the late 1970s the vacancy seemed to be filled: I discovered the streptocarpus and for a while, it did everything right.

The streptocarpus is the plant with long green leaves and blue, pink or white flowers which are usu-

ally blue and very persistent. The leaves lengthen and shrink according to the amount of food which they take up: the flowers have long, thin, tubular throats and look as if they are scented, but seldom are.

They have a long season, no vices and no undue need for heat. White fly does not swarm to them and they will put up with owners who take academic holidays. I would have discovered them even sooner if I had not tried to grow them from seed, which was more difficult: I was also deterred by an old dictionary which described them as stove plants. They are nothing of the sort. They are plants for busy people. If the name is too much for you, you can call them Cape Primroses, or their names in their native South Africa. It is the leaves, not the flowers,

which have a hint of a primrose about them.

The trouble was that in the late 1970s, almost everybody discovered the streptocarpus. It turned up in chain stores; all the lavender form called Constant Nymph before long. I started to wish that she was not so common. I went on and on, flowering in every pot and one without ever seeing the world on TV. Like me, she was bred in 1946, but she came from the John Innes Institute and she had done exactly what was expected of her ever since.

Once you have one Constant Nymph in the house, you soon had a whole chorus of them. If you want to increase a streptocarpus, all you have to do is cut off a healthy young leaf in early summer and stick it, cut

and downwards, in a pot of light, open compost. So long as you keep it out of the sun, the leaf will sprout roots after a month or six weeks. Constant Nymph became constant everywhere, until many of us felt that we had had enough.

Last May, at the Chelsea Flower Show, my enthusiasm returned. Here a streptocarpus no longer in constant blue but a few little whites and an insipid pink, but in all the same colours.

In North Wales, my family had taken a commercial grip on them. The place to buy a streptocarpus is Dibley's, nearby, and the place to buy a streptocarpus is Dibley's. Dibley's Nursery, Llanellidan, RUTHIN LL15 2JG, North Wales. Unlike the streptocarpus, the nursery does not have a friendly second name but you can ring it on 097-888-677 if you cannot face spelling it post

code. At the last Chelsea, the family was away with gold medals. In mid-March they will be starting to send out plants by post: most of them at £1.30 to £1.60 each. From one plant, you can have the seedling and breed dozens for yourself.

Since Chelsea, I have had the streptocarpus in the house. I have to hand it to their irregular, temperatures varied wildly: whitefly striped a nearby fuchsia, but the blues, whites and purples of the streptocarpus have been growing mightily, undeterred by it all, even by visiting burglars who must have liked them too, because they put them respectfully on the floor before looting the cupboard behind them.

are the days of Nymph-like lavender and insignificant white.

The Dibleys have revived various English hybrids bred since 1969; they have imported some good new blood from the Continent (one of my favourites is Swiss); they have added some wild forms too and are breeding good hybrids of their own. Most of their list has the same, welcome constancy, but the colours, range and the flowers are utterly superior. Why Nymph with Constant Nymph when you can write off for Amanda, so much richer in colour with a beautiful white throat, dark veins and a much tighter, rounded head? The old whites are as nothing to Dibley's Albatross variety which stood out so clearly on their Chelsea stand. It looks spectacular beside the deep,

dark purple called Elsi, my pick of the family because it looks like black velvet. My only reservation concerns the more way-out shades in pink and red.

None of these forms is any more difficult than the ones which we now see everywhere in dentist's waiting rooms; they are simply ten times better. The same rules apply to them: not too much water in winter, not too much heat or attention, and regular feeding with liquid fertiliser from April onwards. The plants ought to flower from May to October. If they will probably tell you by rotting at the base: if you overfeed them, they respond by swelling absurdly in size. Like a Sensitive Plant, they react to your attention, but they are almost impossible to kill.

My only regret is that none of the new hybrids is scented. There is scent in the family, although I do not find it very strong: you can catch it in these wild forms, some of which Dibley lists, because their flowers are rather more delicate. A happy streptocarpus needs only to be treated more or less as nature treats it at home.

Most of the modern hybrids derive from parents which grow in wooded valleys in South Africa's Drakensburg mountains. They do not like too much direct sunlight or too much heat: if you must stand them on a windowsill, be sure not to stand them on one facing south.

Streptocarpaceae may not be gardenias, but they do drop their buds and they do wonder for morale indoors. Dibley now lists about 35 varieties with names ranging from Carol to Tina. They really are plants for everybody, however chaotic or haphazard. The virtues are still constant, but the nymphs are now waiting there, in greater force than before.

The glories of Kew, as bound in colour

The first issue of Kew, a quarterly magazine published by the Royal Botanic Gardens, Kew, has just arrived. It is an excellent publication and has been previously unfulfilled place in the market for information about plants by including information on conservation, botanical problems, botanical news, practical gardening, cookery and reviews of new books as well as answers to readers' questions.

It is well produced and illustrated in colour. The editor, Jeremy Cherfas, a Kew contributor, writes his first editorial to explaining why it is not printed on recycled paper. That is what both he and the publishers would prefer but, after a diligent search which still continues, they could not find anything that gave them the quality of printing required.

They will for a paper made of pulp from trees grown in efficiently-managed forests. His first article shows how his heart lies. He says: "Obviously I hope you will keep this magazine. But if you decide not to, please don't waste it, recycle it."

A second article by Cherfas comes much closer to everyday gardening: what is it that tells a plant when it is time to start growing and when to become dormant?

One tends to think of it as just a response to spring and autumn; to lengthening days and rising temperatures at one end and shortening days and

falling temperatures at the other. But clearly it is much more than that.

In Cherfas's own words: "What are snowdrops doing exposing themselves in what is usually the worst time of winter, when they will often be snowed out of the ground? How do they manage to orchestrate their first appearance for almost the same time every year? In short, why do they come: the why?"

It takes him six well-illustrated

Arthur Hellyer
enthusiases over a
new publication
for gardeners

travel papers to explain some of the reasons why they come and similar problems and in admit that there are still mysteries.

In Panama there is a tree called tabebuia which shortly after rainfall covers itself with yellow flowers, rapidly followed by red ones, and then fall. If more rain comes a few weeks later there will be another burst of flowers and so on. Other plants in this region behave in a similar way.

Scientists have proved that a shrub named Hybanthus prunifolius needs a minimum of 12 mm of water to make it flower an average eight days later. But it also needs some drought before it makes a repeat performance. Keep watering it and it will never flower.

Equally remarkable is the

story that a single plant of the hardy lady's slipper, *Cypripedium calceolus*, has been growing wild in the same place for over 100 years. Its whereabouts are only known to a few people who form a committee devoted to its preservation and increase. The problem is that no-one knows how to make its seeds germinate and grow.

The basic problem is that all orchid seeds are so minute that they contain no reserved food. Instead they form a partnership with a fungus which contains all the materials required. However, it is a very special fungus and that is what is missing for this lady's slipper.

Mark Clements, who had been studying this problem in Australia, was brought to Kew in 1983 to continue his work on all British orchids. He is now at Kew. Christopher Ballie has already started to search for the ideal soil in which to grow the plants and Robert Young discovered the combination of conditions the young plants required.

The first wild orchids raised by their combined efforts were planted at Wakehurst Place in West Sussex in 1987 and flowered the following year but as yet the lady's slipper is not among them. The whole story is well told by Stephanie Pain and delightfully illustrated.

There is also an article on hellebores, the hardy, or almost hardy, plants which we call Christmas roses and lenten roses, though they are not roses or in any way connected with them. A few are a little difficult but most are easy and



This hellebore is one of the many illustrations contained in the new magazine from the Royal Botanic Gardens

especially with the help of specially trained staff at Kew. The magazine gives a comprehensive account.

Copies of Kew are available free to all friends of the Royal Botanic Gardens, particularly of which can be ordered from the gardens at Kew, Richmond, Surrey, TW9 3AB. Conservationists in Hull, especially with the help of specially trained staff at Kew. The magazine gives a comprehensive account.

concerned about an application by Hull University, to be heard in April, to build houses on a site of an important tropical plant collection. Particulars from Philip Swindells, Vale Lodge, Ripley, Harrogate, HG5 3AT.

Country View

Bring back the wild boar!

Michael Stourton praises a truly wild animal

BRITAIN IN mind the continent of Europe, it is always struck me that the wild boar, in the wild, is extinct in Britain. Some research led me to an account of James I hunting wild boar in Windsor Park in 1617. Another source claimed that the last truly wild boar was killed in Cammock Chase in Staffordshire in 1683.

I also discovered the Hampshire village of Bourne, near Portsmouth. This sounded promising until inquiries made through a local historian revealed that the village is called after a medieval family named de Bourne who were once prominent in the district.

The likely explanation is, in the phraseology of modern conservationists, destruction of habitat. As rural Britain underwent reforestation, so the native wild boar was less and less able to hold their own. But, by the same token, the afforestation that has been taking place in the UK since 1919 has created many areas which would appear to be favourable to a reintroduction of wild boar: a move unlikely to hold much appeal for most farmers.

Another factor that makes the reintroduction of wild boar unlikely is the Dangerous Wild Animals Act of 1976. This piece of legislation not only forbids the keeping of wild boar, but also down rigorous conditions under which they may be kept in captivity.

The very expression

"dangerous wild animal" applied to wild boar will probably strike continental ears as melodramatic. There is, for example, a colony of wild boar living in Spandau Forest in the suburbs of Berlin; much closer to the city centre than, say, Epping Forest is to central London.

The greatest risk is likely to result from accidental escape; as happened with the now common Muntjac deer from Woburn and the more recent

escape of wallabies in Derbyshire. Under the Act, anyone intending to keep wild boar in captivity must first obtain a licence from the local authority. This will only be granted after the veterinary surgeon resident by the local authority is satisfied that proposed housing and fencing are sufficiently secure and generally suitable.

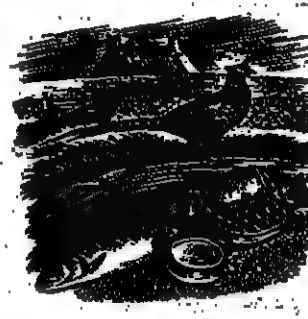
When, tongue slightly in cheek, I telephoned a district council in the south-east of England and asked the operator if I could speak to the department that dealt with

wild boar, I was the one who was nonplussed. "Certainly, sir," came the unhesitating reply. Within seconds I found myself speaking to someone fully familiar with the finer points of the Dangerous Wild Animals Act as applied to wild boar.

There are perhaps less than a dozen serious producers of wild boar in the United Kingdom. Despite competition from imported meat, particularly from eastern Europe, there is a strong demand for home-grown wild boar meat. However, British producers are, however, faced not only with high accommodation costs but also with the considerable expense of building up their breeding stock.

For example, a breeder in the south-east paid recently £5,000 for 14 wild boar (10 sows, four boars) from Denmark. Regulations which govern the importation of five animals are stringent. There are only a handful of countries where disease control import regulations are met. Among these are Sweden, Switzerland, Denmark and Hungary.

Perhaps one's choice of food should not be too much governed by romantic notions, but for myself I would prefer to think that the wild boar on my plate is of wild origin: even if that wild boar is in the suburbs of Berlin. British law seems to rule out Richmond Park. But, wild boar shooting rights are of considerable value on the continent. Why not here?



MOTORING

Drink-driving kills, but sober amateurs kill more

Stuart Marshall urges a return to road safety fundamentals

ONE CANNOT open a newspaper nowadays without reading about road safety. Everybody seems to be in favour of reducing the annual toll in Britain of about 5,000 deaths and more than 300,000 injuries - but are we getting the right way about it?

Pet theories abound. We are told by those who would like a 50 mph (80 kph) motorway limit that speed kills, when clearly, by itself, it does not. What does kill is excessive speed for the circumstances. It leads to accidents that are fatal when they might otherwise have been minor, or might not have happened at all.

Some advocate a total ban on alcohol plus continuous random breath testing as the most pressing road safety need. Official statistics, they say, indicate that one road accident in five is in some way drink-related. If true, it is disgraceful, but it also means that four out of five have nothing to do with alcohol.

Others concentrate on passive safety measures, such as compelling cyclists to wear safety helmets.

No sane road user can be in favour of driving at dangerously excessive speeds or after having had a drop too much, especially if drink makes them fast and reckless rather than slower and more careful. And I suppose that forcing people to wear plastic helmets would save a few lives and prevent more broken heads, say.

But none of these things really addresses the fundamental question of how to make our roads safer and casualties fewer.

It has been said that our roads in Britain are good by European standards and compared with 50 years ago. Then we had

the number of vehicles but managed to kill twice as many people each year on the roads as we do now.

What traffic accidents are caused by them? They are caused by not "just happen". Almost every road death or serious injury should be avoidable. But how?

The Royal Society for the Prevention of Accidents is addressing the problem. In the latest issue of its road safety bi-monthly, *Care on the Road*, it asks: "Has road safety lost its way? Are we chasing the right objectives - or are the fundamentals being forgotten?"

David Rogers, RoSPA's road safety adviser, seems to feel

'Pet theories abound. But it's not speed that kills but excessive speed for the circumstances'

they have been. He fears so much effort is going into promoting matters such as cycle helmets that primary accident prevention may be forgotten.

At best watered down. "These items (such as the safety helmets) are really about injury reduction, not accident prevention," he says. Was there a danger that road safety practitioners might be concentrating so much on drink driving that other areas of road accident prevention among sober drivers were being neglected? Rogers thought there might be.

The growing pressure for compulsory cycle helmet wearing was reasonable enough. But what really concerned him was "a seeming absence of pressure to improve driver and rider skills so that the two do not come into conflict in the first place."

This is a point frequently made by RoSPA and other organisations like the Institute of Advanced Motorists and the Guild of Experienced Motorists. And - dare I say? - by this column.

RoSPA and the IAM run courses in driver training - I have taken several of them over the years - as well as in accident investigation and prevention, safety audits and so on. There are also plenty of commercial organisations selling driver training, mainly to companies running large fleets of cars, with great benefit to their insurance and repair costs. Rogers says that in providing their courses, RoSPA and other like-minded

organisations have always been not too unhappy about it. Some lorry operators, too, are said to favour speed limiters on heavy vehicles. They see them as a means of saving fuel and reducing wear and tear as well as accidents.

But what about cars? RoSPA's Rogers argues in favour of them. He says the government should legislate to make them compulsory on all cars destined for the UK market. They should operate at 90 mph (145 kph).

There is nothing new about speed limiters on cars. They have been compulsory in Japan, where the motorway limit is 100 kph (62 mph), for years. As they monitor transmission, not engine, speeds, you can drive as hard as you like and the limiter has no effect at all on acceleration. All that happens is that when the speedometer says 100 kph (125 mph) the car simply will not go any faster.

Should we have car speed limiters? I can't see any good reason why not. They would at least put an end to the wink, nudge, nudge copy in car makers' advertisements about their latest creations having top speeds of 150 mph "where the law allows".

Irrelevant though such claims are, they do tend to give irresponsible and immature people the wrong ideas. Perhaps the limit could be set for 100 mph (161 kph). If it were, it would prevent some fast car drivers, members of the Royal Family and Her Majesty's Opposition included, from losing their licences.

for vehicle speed limiters. By April this year, all motorway-using coaches must have a limiter that prevents speeds exceeding 70 mph (113 kph).

In the main, bus and coach operators have always complied with the regulation and are not too unhappy about it. Some lorry operators, too, are said to favour speed limiters on heavy vehicles. They see them as a means of saving fuel and reducing wear and tear as well as accidents.

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Wide tyres, narrow road

Stuart Marshall warns against choosing cosmetics over practicality

TWO executive-class cars I have driven recently point up the downside of choosing tyres for cosmetic reasons and the benefits of automatic transmission.

A BMW 525i automatic is a wonderful car in standard form but the one I drove for a week was the special equipment model, with wider than normal tyres - 225/60-15 against 205/65-15. The ride was very comfortable and tyre thump surprisingly subdued.

Even BMW's development engineers cannot stop wide tyres from wanting to leave the straight and narrow if provoked into doing so by the road surface. So the 525iASE was occasionally fidgety at motorway speeds, just like the much humbler (but also wide-tyred) Hyundai 5-Coupe GSI I wrote about last week.

Otherwise, I think the BMW approaches perfection - if you (or your company) can afford close to £25,000 for your personal transport complete with 5-speed automatic transmission, on-board computer, headlamp wash system and power-adjusted front seats.

It was my first experience of a 5-speed automatic, a transmission soon, I suspect, to become standard equipment on luxury executive cars. It

works so beautifully, slipping down unobtrusively into fourth at 75-80 mph (121-130 kph), near acceleration, that I really cannot see much point in shifting gear for oneself any more.

Of the four new version Fiat Croma I tried in France last month, the one I liked best was a 2.5 litre turbo-diesel with automatic transmission and my least favourite was the 2.0 Turbo (pictured above). This 158 horsepower model was very quick and had sharp handling, but the banging of the V-6 rated 60 series tyres did nothing for ride comfort or tranquility on secondary roads.

The 2.5 TD, with 118 horsepower, offers similar performance and ride quality to the 119 horsepower, petrol-engined 2.0. Its consumption will be lower and it will have a longer retelling range, which can be a time saver on motorway journeys.

Fiat, which so far has not had much luck with the Croma in Britain, hopes to sell about 1,000 of them here in the next 12 months. It has no plans at present to bring in either an ultra-economical 2-litre direct-injection diesel or the 2.5 TD, though it may change its mind if diesel sales continue to climb.

All the Cromas I drove had lovely soft black leather seats with power adjustment. These will be standard equipment only on the fuel injected 2-litre SX and 2-litre Turbo, an extra

on the carburetted 2.0 CRT. Prices are unlikely to be much higher than those of the current Croma when the cars arrive in Britain within the next few weeks.

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BOOKS

Kiss of life for Planet Earth

Andrew Clements reflects on Gaia, a theory with seductive possibilities

The mid-1970s, the new theories of the past decade have already administered more than enough shocks to our neatly ordered systems of things. The burgeoning of chaos theory has almost every branch of the physical sciences; the theory of matter has expanded into superstrings, twistors and ten-dimensional worlds; the latest in astrophysics posits that the observable universe makes up less than 10 per cent of the total, while the rest, the "dark matter", is made up of unknown particles that cannot be detected by any means but is everywhere all pervasive.

THE REBIRTH OF NATURE: THE GREENING OF SCIENCE AND GOD by Rupert Sheldrake

Century £14.99, 228 pages
GAIA: THE GROWTH OF AN IDEA by Lawrence E. Joseph

Arkana £5.99, 285 pages
The all that is potentially of importance to life on earth and its future than the concepts of Gaia. The bundle of interconnected ideas that put forward in the late 1970s by the British scientist James Lovelock and the microbiologist Lynn Margulis. They propose that the Earth is a living organism, a system which modifies geological and climatic conditions on the planet to suit itself. Within life, for instance, Gaia's atmosphere, like that of Venus and Mars, would be predominantly carbon dioxide with little free oxygen; photosynthesis regu-

its composition, keeping oxygen at the optimum level for life and would not be able to sustain itself, too much and there would be spontaneous conflagration - and at the same time keeping the surface temperature from rising to levels that would be equally life-threatening. In all the ramifications it is a theory that brings life and geophysical sciences together in a glorious union: its seductive possibilities are as obvious as they are implausible to neo-Darwinists wedded to the mechanisms of inheritance and natural selection.

It is the development and progressive sophistication of those Gaian ideas that Lawrence Joseph charts in this determined populist account. His research has been thorough, but his approach is relaxed, just a little too cosy and unashamedly parti pris. He does, though, include material from interviews with some of Gaia's most impressive opponents, including the Oxford geneticist Richard Dawkins. "The Gaia theory thrives on an innate desire, mostly among lay people, to believe that evolution works for the good of all. Profoundly erroneous."

Nevertheless, those wishing to get on terms with Rupert Sheldrake's staggeringly ambitious thesis would do well in Joseph's presentation of Gaia's first. And they would benefit too from a quick canter through *The Golden Bough*, the Christian mystic, the revelation of the Gaia theory, and Sheldrake's own cross-cultural reference is natural.

Now, through Gaia, Sheldrake suggests, humanity has the chance to make its place with all that was abandoned for two centuries ago. "As soon as we allow ourselves to think of the world as a living organism, we can begin to reconnect our mental life with our own direct, intuitive experiences of nature."

That, though, is only the half of it. Since 1950, says Sheldrake, Einstein postulated a mathematical model that would allow the four basic fields of physics to be brought together in a unified field theory. Now, in a moment when theoretical physics is achieving Einstein's ideal, Sheldrake makes his case for a field theory that would embrace life, the universe - everything, even God.

In his earlier books Sheldrake pursued his hypothesis of formative causation, in which all organised systems, from the simplest molecules through to organisms and communities of organisms, are determined by "morphic fields". Like influences like through time and space, past individuals can shape the development of future ones through morphic resonance. Morphic fields also provide Sheldrake with a model of memory, and a physiological property of nerve cells but as a mechanism to which animals "tune in" as necessary. And by combining all this with Gaia, a living world that by definition must create and still be creating the morphic fields, all the strands are pulled together, and religion is introduced into the mix.

Sheldrake's model for the third option, a God who evolves in parallel with the earth, has been created; the final section of the book explores the possibility of mystical experience, cultural change and the Earth, even the mystery of prophecy, always offering methodologies rather than solutions. The *Search for Nature* is a fascinating, profoundly interesting book, crammed with unexpected ideas. It is not a book to be read in one sitting, but it is a book to be read often.

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A third-century BC coin from the island of Gaia, the mother of the Earth.

Paradise lost

GREAT THINGS are planned for the quinquennial of the discovery of the Americas next year. There will be parties and events in all 32 nations on both sides of the Atlantic. A World Fair will be held in Seville, the birthplace of Christopher Columbus, and perhaps the showpiece will be a symbolic marriage between the United States and Spain, during what is already being billed as the Columbian Olympics.

So many billions of dollars have already been earmarked for the hemispheric festival that probably nothing short of a world war can now prevent it. Yet in the view of one man at least, Kirkpatrick Sale, the rejoicing will represent an enormous sham, a total misunderstanding of what the Columbian legacy really is. *The Conquest of Paradise* is an attempt to halt proceedings and to dampen them. What the transatlantic millions will find in celebrating, he tells us, is an ecological nightmare.

So what's new? The destruction of the Amazonian rain-forest, the world's largest, is a fact, but it is a fact that has been known for years. It is the week's writers variously demonstrate, out of control or obsessive it can also put brakes on the wheels of growth, and that is the full development of the spirit. The puppeteer's hand is evident in Ursula Holden's strained and skimpily told, a dangerously tempting teenager who appears to be a tangle of inadequate attachment. The puppeteer's hand is evident in Ursula Holden's strained and skimpily told, a dangerously tempting teenager who appears to be a tangle of inadequate attachment.

and the squalid state of all the Americas' indigenous people - the product of Europeanisation - have been well posted. But in case there are any among us whose doubts are not yet prepared, or who think that perhaps the Columbian legacy is a quick one and jumped on the Columbian bandwagon to farm a fast buck, it should be said that his book, written over a seven year period, is at once magnificent and important. It articulates both the eco-historian and the poet.

The sweep of *The Conquest of Paradise* is very wide. The early chapters deal with the voyages. The later chapters deal with the immediate consequences of his "discovery", which of course are not a discovery at all but a state-backed enterprise geared to bring Spain riches and dominion. The evolution of Columbus's largely undeserved heroic reputation, showing how it has enshrined the questionable aspirations of those who gave it him. But all of this is set

against the wider context of the pathology of a sickly continent. In 1492 much of Europe was ravaged by war and famine. In addition, great damage had been done to the natural environment. Partly this was due to European farming techniques, partly to an inherently antagonistic attitude toward nature itself.

Yet at the same time endless wars, engulfing many West European nations, had created economic desolation. The wars had to be financed, and the land was being sold. Gold figures mightily in Columbus's journals, and it was the promise of gold that compelled Ferdinand and Isabella to underwrite the Genoan's expeditions. Similarly, in the first quarter of the 17th century it was the idea of gold

that inspired the Virginia Company to establish a settlement in Newport in Chesapeake Bay. Newport found no precious metals, but his voyage did result in the discovery of enormous tobacco plantations. Gold, it was discovered, came in many shapes and forms. It was not the gold of the Indies, but the gold of the Americas. And so began the process of the Americas becoming the United States.

The work of the vast majority of the many millions of tribal peoples who then inhabited North, Central and much of South America were in sharp contrast to European avarice. Organised in units for the hunt, they lived in real proximity to nature; they had evolved a sophisticated agriculture according to which the land was to be used and the land was to be used and the land was to be used.

For Sale, the Americas were not so much a world discovered, as a world destroyed. And perhaps a world, but the world. He tells his readers the first ecologists, and unless we can reacquire their science, then, thanks to the reformation and the American technology, taken to frighten the Americas in America, we are doomed. The Columbian legacy becomes, in his hands, one of unmitigated disaster. In the name of commerce, and also in the name of God, entire populations and ecosystems were destroyed. This is, he suggests, nothing to celebrate except our own craven stupidity.

Justin Winstle



The poet with the Woolwich

"All I waddle along in thick black wool and dark suit with a briefcase under my arm... who knows that a poet is masquerading here as a whey-faced insurance salesman who should ever know?" The writer was Cyril Connolly in his book *Enemies of Pencil*, a book that was not quite as complete as he pretended. Connolly was not a poet, merely a great reader of poetry. However, the sartorial style above would apply equally well to several of the poets of this period.

Roy Fuller, for instance - as he explains here - exchanged his naval uniform in 1940 for a couple of civilian suits appropriate to a building society. That had been Fuller's job before the war and as such he was not a poet, merely a great reader of poetry. However, the sartorial style above would apply equally well to several of the poets of this period.

published an impressive number of volumes, novels, poetry, essays. Both sides of his career were reflected in the books he published in 1988, *Epiphany and Occasions*, a new book of poems, and *Questions and Answers*, a collection of his letters. The "simple gradient" of these late sonnets. Even more recently Fuller has given us a new novel, *Stares*, set in a private mental clinic beside a lake in the English countryside. Like two earlier Fuller novels, *The Faded Boy* and *Images of a Soldier*, it is a story of a man who tells the story. He is arranging a reading of *The Faded Boy* by the patients. Fuller has fun updating Chelkov, showing how most of the patients are children to concrete professions which help to rehabilitate them. Like everything Fuller writes, the novel is full of wisdom, clarity and irony.

Anthony Curtis

Fiction
Obsessive about love

HELP ME PLEASE by Ursula Holden

Methuen £13.99, 198 pages

TOMORROW by Elisabeth Russell Taylor

Peter Owen £13.50, 144 pages

THE SENSATIONIST by Charles Palliser

Cape £11.99, 121 pages

PARADISE OF FOOLS by Jane Rawlinson

Andre Deutsch £13.99, 353 pages

the fat woman next door is pregnant

by Michel Tremblay

Serpent's Tail £7.99, 334 pages

A SMOKING DOT IN THE DISTANCE

by Ivor Gould

Andre Deutsch £14.95, 497 pages

BUFFALO GIRLS by Larry McMurtry

Century £12.99, 350 pages

Dadd captured her true imaginative soul in his painting of her, was frightened off by the intensity of her love for him and his own sense of independence, while she "in her weakness and dependency... suffered its hold for nearly on seventy years."

This writer manages to make the most difficult and trying

of modes, pastiche, compulsive reading. Her prose is not only irritating, but also boring. It is a story, a gift much to be prized. One may perhaps say the overly neat, implied psychological explanations of child children's insanity, the complex maze of mothers, young stepmothers and overpowering fathers were not exactly rare in Victorian England, but the complexity were rarely so spectacularly disorienting. But Jane Rawlinson does labour the point: she tells a sad and moving story with grace and verve, untangling the psychological maze with the intuition of real imaginative intuition.

Mary Hope

THE GENIUS of French Canada has, so far as I know, left the British reading public untouched. There was, of course, the film *Jesús of Montreal*, but it was a reminder of the artistic sensibilities of the francophone part of a nation about which we never think at all. But if Michel Tremblay is representative of French Canada's novelists, what are we missing?

The charm and immediacy of the fat woman next door is pregnant with the most difficult and trying

can do them justice. Nothing much happens in this novel. That, I know, is off-putting, and in the title. But it is a delightful celebration of ordinariness, of the lives and loves of the families on the street in which the author was born. And ordinariness does not exclude extraordinariness. The pregnant women in the street, their husbands, neighbours and cat, are all alerted by three sisters and a mother, who are on a balcony and knit, seen only by the baby and the cat. They seem like the most ordinary of people, but they are not.

The little people, even of a small society like this one, are given the full drama of the protest, the struggle, the fight. They are drawn with love - not in any overt attempt to justify their situation but because they are human beings. The world of the little boy is illuminated and so is the cat's. Tremblay has the invaluable gift of being able to imagine life from quite different points of view. The only people who have no sympathy from the novel are the priests: he sees the Church as unsympathetic to the carnal world. But for all that, in its celebration of humanity this is a profoundly Christian novel.

Charity deserts me in contemplating *A Smoking Dot in the Distance*. This is despite the fact that a great many people will take pleasure in the novel and will laugh heartily at the quintessentially British, self-deprecating humour. It is not difficult to discern in Ivor Gould a precursor to the authors of *The Diary of a Nobody* and *Augustus Carr*. Es, comic masterpieces both.

There are fine, grotesque touches in this *Diary of Jeffrey Cork*, Christian scholar, later Northern Manufacturer: the

dried sheep's penis in the dorm at prep school ("a cry for help"), the efforts at seducing a girl in the meat-market, the incomparable housekeeper who is spying for Moscow.

Why, then, did I want to read the novel on the floor and jump up and down on it? Perhaps because it makes me think of flying wall ducks - it is a story of a man who tells the story. He is arranging a reading of *The Faded Boy* by the patients. Fuller has fun updating Chelkov, showing how most of the patients are children to concrete professions which help to rehabilitate them. Like everything Fuller writes, the novel is full of wisdom, clarity and irony.

For those who enjoy Westerns and revel in the less salubrious side of life on the frontier, Larry McMurtry's *Buffalo Girls* will be a treat. It is the description of a wild prairie dog being skinned and cooked while two old cowboys debated whether it was diseased or fit to eat. I was further taken with their victory and discovered all they had lost. This, in short, is the time when the last remnants of the Wild West - Sitting Bull, Annie Oakley and the rest - were scooped up and taken off to join Buffalo Bill's touring show, which travelled as far as London.

The heroine is Calamity Jane, the famous cowgirl and hoyden, now a tired old diplomat, but although the novel is a poignant recollection of the glory days, it is never sentimental and is often moving.

Melanie McDonagh

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ARTS

Chekhov in ballet shoes

Clement Crisp hails MacMillan's new work for the Royal Ballet, 'Winter Dreams'

TO SAY that *Winter Dreams*, Kenneth MacMillan's new one-act ballet which had its first performance on Thursday night, is based on Chekhov's *Three Sisters* is to tell only a small part of the truth. (Something, of course, in which critics are notoriously expert.) Using the play's incidents and characters as pretext, and also as pre-text, MacMillan proposes a sequence of short scenes which study the emotions and social setting of the Prozorov sisters. The attraction for MacMillan must have been to observe the erosion of every kind of joy and of social order, an undercurrent in his work from such early pieces as *The Burrow* up to *The Prince of the Pagodas* - and in *Three Sisters* he has found themes dear to his creative heart.

The structure of *Winter Dreams* is daring. Peter Farmer's imaginative and economical - design shows a backstage dinner party hidden from us by a gauzy curtain painted with birch trees. Through the curtain we are aware of the family's social life as background to the inner conflicts and dramas which are played out on the main stage area. The scenes are brief - the most extended is the grand farewell duet for

Darcey Russell and Irek Mukhamedov as Masha and Vershinin) which was created last year and sparked off this present larger work.

With movement as daringly perceptive as anything he has done before, MacMillan dips into the play, analysing personalities, motives, scenes of real life and scenes of emotional fantasy, so that at the last we have a picture - as persuasive as Chekhov's - of a provincial society in crisis, and of characters facing the destruction of their lives and of their dearest hopes. Their winter dreams are no bulwark against the dissolution that gradually erodes every relationship.

If, in the succession of sketches that explore the characters, as in the superlative cameo-playing by the cast, there are sudden memories of *Enigma Variations*, we are far from cosy Worcester-shire. These men and women are, except for the dreadful Natasha (an icily true portrait from Genesis Rossato), prey to despair. The sisters are beautifully drawn by the compassionate Nicola Tranfari, by the imprisoned Darcey Russell - love for Vershinin and a delicate revulsion against her husband all perfectly shown by the bars of her cage - and by the still youthful

Viviana Durante. Irek Mukhamedov catches Vershinin's devastating attraction and the ambiguities of his feelings; and Stephen Wicks, looking and playing like Alec Guinness, is a fine Tusenbach.

The most extraordinary interpretation comes from Anthony Dowell as Masha's ineffectual husband. MacMillan has devised a gestural language as innovative as anything he has shown us since Paris Singer's grief at the death of the children in *Isadora*. Sema-phoring his anguish in quick, nervously abrupt movement, riven with his inadequacies, this portrait of Kulyagin is as searing as Chekhov's, and is superlatively done by Dowell. As a pendant, there is also a drunken scene for Dr Chebutykin in which Derek Rencher bravely treads the Chekhovian tight-rope between tragedy and comedy.

Other performances - Gary Avis as the weakling Andrei, Adam Cooper as Solyony - are no less good. As musical text MacMillan has turned to Chaikovsky, whose piano pieces and song transcriptions (chosen and admirably played on stage by Paul Gammmon) echo the melancholy and furtive joys of the action. There is also a cleverly integrated into the half-

seen interior of the Prozorov house - which plays traditional Russian music. Of course, *Winter Dreams* must inevitably depend upon the qualities of its Masha and Vershinin, whose feelings fire the most obviously spectacular - and spectacularly well-done - choreography of the piece. Darcey Russell lets no shift of feeling escape her, from joy in love to despair in marriage, and her physical presence is ravishing. Mukhamedov's Vershinin soars in ardour, but there remain the subtlest hints of reserve (the character is, we never forget, a married man) to corrode the image of the lover. It is a superb achievement.

Winter Dreams is going to repay further study. It is complex in structure as in emotional devices. It shows MacMillan still daring, as creator, to find new possibilities for dance and theatre, new means of narrative, new linguistic forms to express the narrative. And after recent Royal Ballet novelties most notable for their bombastic stagings, how good to see a work in which simplicity allows the dance to speak. And to speak so potently. About the happy revival and re-designing of MacMillan's *Dances concertantes* I hope to report next week.



Revisiting: Irek Mukhamedov and Darcey Russell as Masha and Vershinin

Records

Greek myth to music

GEORGES ENESCO (George Enescu to his countrymen), violinist, pianist, composer and teacher, was Romania's most eminent musician. His professional life was mainly connected with Paris, but he remained in close touch with his homeland, where he had a country retreat at Sinaia. The wealth of folk music, also explored by Bartók, coloured much of Enesco's work. His single opera, *Oedipe*, highly regarded by those who knew it, remained little more than a legend to most music lovers. Now, thanks to French EMI, we have a splendid recording, made last year at Monte Carlo with a strong international cast, conducted with contagious enthusiasm by Lawrence Foster.

Most of *Oedipe* was written between 1921-1922; the orchestration was finished much later. In 1931, two years before the premiere at the Paris Opéra, it took more than 20 years for *Oedipe* to reach Bucharest. Once there the Rumanian National Opera treasured it, performing it at home and abroad and making the first recording. Edmond Fleg's French libretto covers the tremendous events of the two Sophocles tragedies, *Oedipus tyrannus* and *Oedipus at Colonus*, preceding them with a first act describing the birth of Oedipus to Laius and Jocasta, the grim warning by Tiresias of the fate in store for him because, by having a child, his parents had disobeyed Apollo, and the hasty disposal of the infant. Compression gives the highest relief not only to the main characters but to the shorter roles - one can't describe these as "minor".

There isn't a weak performance. Gabriel Bacquier as Tiresias, Nicolai Gedda, making clever use of his present resources as the Shepherd, excel. Brigitte Fassbender, as Jocasta, Mariana Lipovsek as the Sphinx, Jean-Philippe Courais as the Watchman, Gino Quilico as Theseus, are all powerfully sung and characterised. Barbara Hendricks is a winningly sweet Antigone. Lawrence Albert as Phorbas is a voice new to me and a welcome one. Over everything, in the exhausting title-role, is the admirable Joël van Dam, noble in sustained music, colouring his tone with fear and rage in dramatic moments without descending to realism. The Monte Carlo Philharmonic and Orchestre Donostiarra choir make whole-hearted contributions. The whole is controlled with unobtrusive skill by producer John

Rushby-Smith. The Romanian colour in the music, found mostly in the dance scene and in the Shepherd's melancholy pipings, is a bonus. Those lucky enough to have the record of Enesco playing his Third Violin Sonata ("in the Romanian popular style") with his compatriot Dinu Lipatti will know what to expect. *Oedipe* is the most exciting, operatic rediscovery on records for some time.

The two 18th century works (from Erato Musfrance with Radio France and Cologne Radio) afford very different views of Greek mythology.

Enesco, Oedipe. Van Dam, Hendricks, Fassbender, Lipovsek, Bacquier, Gedda, Courais, Quilico, Hauptmann, Aler, Vanaud, Albert, Tallon/Orféon Donostiarra, Monte Carlo Phil/Foster. EMI CDS 7 54011 (2 CDs).

Marais, Alcione. J. Smith, Ragon, Hupfänger, Le Tisser, Delétré, Fouchecourt/Marais, du Louvre/Minkowski, Erato Musfrance 2292-4532-3 (3 CDs).

Rameau, Plafée. Ragon, J. Smith, du Mey/Musiciens du Louvre, Erato Vocal Françoise Herr, Erato Musfrance 2292-4532-3 (2 CDs).

Both come from the French baroque territory once reserved for specialists, now seen more as a public pleasure garden open to anyone who isn't scared stiff of the French language and who has the wit to imagine the dances and the spectacle. Marais, a composer of *Alcione*, was a pupil of Lully. He became a virtuoso player in the repertoire of the Paris Opéra for over 50 years.

In this "tragedy" with a happy ending, the heroine is a daughter of Aeolus whose wedding to Ceix, King of Trachis, is disrupted by evil spirits. Ceix, treacherously lured to a distant oracle of Apollo, is shipwrecked (the storm scene was the most popular number). Believing him drowned, Alcione kills herself, whereupon Neptune rises from the waves to put things right. There are languishing airs for Alcione and others; the recitative, often thought to be an obstacle to the enjoyment of this style, is expressive and plant. Rameau's *Plafée*, now becoming quite familiar, is a

brilliant satirical comic opera about an ill-favoured, randy marsh-nymph conned into believing that Jupiter is in love with her. In reality, Mercury and Momus are using her to persuade the suspicious Juno that Jupiter's earthly amours are harmless. When Juno discovers how plain her rival is, she bursts out laughing. Plafée, an obstreperous old boister who goes down fighting, hardly deserves such callous treatment.

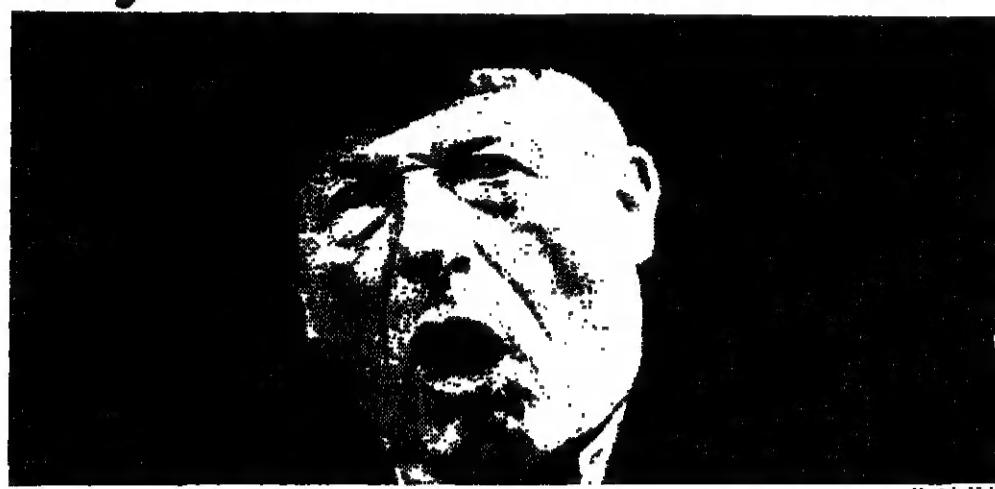
On a deeper level, *Plafée* is aimed at the morals of Olympus (and, presumably, at royal households nearer home) and at the forms - *tragédie burlesque*, opera-ballet and so on - so successfully practised by Rameau himself. Everything is slightly exaggerated, pointed up. One example of parody must suffice. The big chaconne, normally reserved for the climax of a final divertissement, is here placed (on Mercury's orders) before Jupiter's arrival. To her disgust Plafée, agog for her divine lover, is forced to sit impatiently through a long spell of "danse noble". Since the ballet music is even more inventive than usual with Rameau, we don't share her impatience.

Both works enjoy the rhythmic salt and springiness of the Musiciens du Louvre under their conductor Marc Minkowski - a pinch of rough sound here and there suits this stately music. In the title-role of *Alcione* Jennifer Smith's shining suppleness, warm and rich, is a major pleasure. As Foile in *Plafée* (a role originally sung by a bright star of the period, Marie Fel), the same artist sells through the glitzy music with the fearless dramatic coloratura needs but seldom gets. As Plafée - a high tenor drag role, Gilles Ragon offers zest and neatness without rivaling the stylistic assurance of Michel Sénéchal, whose definitive performance can be heard in an old French EMI LP set which deserves transfer to CD.

Both Ragon and other singers in *Plafée* (baritone and basses are the main offenders) tediously overdo their comic vocal inflections. Happily not all the singers are affected. In *Alcione* the counter-tenor Jean-Paul Fouchecourt is outstanding while Gilles Ragon plays the role of Ceix straight. In both operas the soprano Véronique Gens takes various shorter roles charmingly. Comic turns apart, the final impression is of keen enjoyment and, in the case of Marais, delighted surprise.

Ronald Crichton

Shylock in Hammersmith



John Woodvine in the English Shakespeare Company's production of 'The Merchant of Venice'

her name in the first place. This detail alone is a superb example of English social snobbery.

Jessica's attraction to Lorenzo is heavily sexual, and vice versa. The beginning of Act V, the scene which begins "The moon shines bright. In such a night as this..." the part of them romp and round the lawn in wedding classical allusions like a couple of undergraduates at a English summer

ball, or lovers from a Noel Coward play. Apart from the court scene the dress is generally white tie, or at least dinner jackets.

The relationship between Portia and her maid Nerissa is much more flirtatious than usual. There is a kind of complicity in it similar to that between Volpone and Mosca in the English Shakespeare's other production. Nerissa, played by Lolli Sual, is the

older woman. She falls for the younger man. Portia (Lolli Harvey) smokes cigarettes and drinks champagne while her early suitors fail to find the right key to the chest. This rather tedious business in Shakespeare's play is correctly played down as the women camp it up between themselves.

The production sticks faithfully to the literal text while taking some joyous liberties

with the action. Towards the end there is the sound of some thing like a Jaguar coming up the drive of a country house as Bassanio returns home. "I hear his trumpet," says Lorenzo on the peeping of the horn.

Sticking to the text means that there are limits on how far it is possible to present Shylock as a sympathetic figure, more sinned against than sinning. He does, after all, demand his pound of flesh, is obsessed by money and has some harsh things to say about his daughter when she elopes. On the other hand, the Christians are a pretty sanctimonious lot. Tim Luscombe's direction goes as far as it reasonably can to suggest that not all the vices are on Shylock's side, but still unavoidably leaves the Christians feeling overpowered with themselves.

One way of casting doubt on the Christian claim to virtue is to play down Portia's "quality of mercy" speech. That is done very effectively. This Portia is not dispensable by wisdom. She will use any device she can and thoroughly enjoys doing so, just like Volpone. One can see why the English Shakespeare Company chose to put on the two plays in tandem. It is not just the Venetian connection: they have other factors in common.

Malcolm Rutherford

Clapton hits town

to lock out the present and become mechanical rituals for the Elect.

There were plenty of middle aged inhibitions being shaken loose on the opening night of an unprecedented 24 concert residency. One trainee solicitor was so sensationally ungainly in his movements as he jiggled along that a lighting man lingered a spotlight over his embarrassment. This was the "then" generation shaking its wallet, confident that since Cream and Blind Faith rock music had gone steadily downhill.

Clapton serves his public well. Nothing has changed from a year ago - same black suit, same long brown hair, same backing trio, with a million variations (Phil Collins) on drums just to show what kind of circles we are moving in, and basically the same songs. It is like consuming at one sitting a favourite chocolate selection. Here comes "Wonderful Tonight" and all the romantics in the audience shiver for four minutes; what about "Knocking on Heaven's door" so we can join in one of the most mesmerizing choruses in

rock; an airing for "White Room" to show that Clapton is not ashamed of his progressive Cream days; and, for a final mass memory, "Layla". There is a problem. The familiarity of the Clapton classics means that they can hardly surprise or intrigue. Clapton is a peerless guitar player, none better, but he needs some competition on stage to force him into yet more imaginative riffs, to progress from virtuosity into genius.

So, although this was a thoroughly enjoyable evening,

there was a worryingly high yawn quotient. As your ear adjusts to the easy brilliance, the eyes wandered around the engorged audience, swinging suburbia's finest, to see how they were adapting to the enigma: you do not expect flamboyant showmanship from Clapton, but it is bizarre that such stinging sounds, such disturbing manic echoes, the musical equivalent of Munch's "The Scream", should come from a silent, static, suited, decent bloke. Perhaps he will unwind a little on the nights given over to the blues, the genre where his innate melancholy best matches his musical prowess.

Antony Thornecroft

Radio

Games, Czech style

IT WAS inevitable that a writer would become Czechoslovakia's president sooner or later, for even the everyday Czech writing we knew - Capek's *R.U.R.*, Hasek's *Good Soldier Schweik* - blended politics with their fiction. Ivan Klima, whom we heard twice this week on Radio 3, does not seem as militant as Havel (or indeed as amusing); but there was social comment in both these pieces.

Gens, was the more concerned. It tells of a party, in Prague at some time around 1968, where professional folk - a lawyer, an architect, an actress, a designer and so on - spend the evening playing games. The games become more politically committed as the evening passes, not committed to any special political method, but to behaviour derived from political sources.

The first game is easy, simply guessing what dressing there was on an assortment of salads, with the eyes blindfolded; but blindfolds have an unhappy association, so they change to Charades. When this leads to dispute, they turn to Murder, then with increasing fervour to the Courtroom Game, Postages and Execution. Not unexpectedly, mutual

hostility grows increasingly, not so much on political as on social grounds. (This is, I take it, more or less top-drawer life in a Communist society.) Under Michael Fox's direction, the company explore mutual dislike in a basically well-bred way. Klima has made things easy for himself with his choice of games and a loaded Colt 45 hanging on the wall, but this is not a murder tale, just a story that emphasises how much the players lie below the surface. His second piece, on Tuesday, pointed the same moral.

A Summer Affair, adapted from Klima's novel by Nigel Gearing, was also set in Prague about 1968. It seems at first simply a romantic tale. David, a successful biologist, falls in love with Iva, a worthless girl (picked up at a funeral, of all places). He drifts into her tatty world and so wrecks his own home. In the poignant but not specially inventive story, however, there is an implied political allegory.

Iva (brilliantly played by Gina Bellman) represents the new way of life that came in with the Russian tanks; David (Stephen Moore, admirable as always) stands for post-war Czech life, as respectable as the folk in *Games* (he wins a Nobel award for biology), but in danger of trouble when he wants that little bit extra. Peter Kavanagh directed.

Radio 3's Sunday play went out at about the same time as Radio 4's *Diary of a Madman*, interestingly played by Kenneth Williams. It was good to be reminded that Williams was such a good actor in serious

drama, but what we heard was not a straightforward performance at all, but the sound track of a proposed animated film, to be directed by Richard Williams (of *Who Framed Roger Rabbit?* no relation). Gogol's story was dramatised by James Burke and equipped with music by Peter Shade.

The intelligent playing of Kenneth Williams, as he tells his tale of the dogs' correspondence, of his succession to the Spanish throne and so on, was first-class, but sometimes its pace and its delivery clearly indicated the absent film. Perhaps I ask too much; but could John Whitehall, who made the radio production, go through it again when he has a lot of leisure, timing the dialogue as if for radio, cutting out some of the now apparently unrequired repetitions and so on?

I think of Radio 4's *File on Four* as the radio version of, as it were, *Panorama*, where items of public importance are given solid attention. Last Tuesday's edition, entitled *House of Cards*, was not, alas, connected with the fine recent BBC television play, but was a documentary in which Christopher Hird discussed such principles as off-balance-sheet accounting. He paid special attention to the construction firm of Rush and Tompkins, who collapsed in April last year, and to the accounting methods of the Rosehaugh group. I was very much interested, but the subject is not, frankly, within my critical repertoire.

B.A. Young

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مكتبة الأصيل

The Arts Council chief must feel like the head of the fire brigade, says Antony Thorncroft

Although some of the walking wounded may give up the struggle, the amount of artistic activity in the country has never been greater.

women can commit rape.
In their attempt to provide



Homan Potterton visits the New York Winter Antiques Show

WUKES in 1732: a canteen pot, the founder of the brand, priced at \$150. A pair of four-handled silver desert dishes dated 1800 and engraved with the Royal Arms was \$55,000, and a pair of William IV wine coolers in the rococo style by Robert Garrard was \$200,000. Garrard was also offering Victorian silver but the silverware was not as popular as the jewelry. The jewelry sells well in the States. This is surprising as American plate is very plentiful and very elegant.

Notwithstanding the presence of treasures such as these the Winter Antiques Show has still rather a mixed feel. There were booths full of floral prints that were a decorative dream, but not very rare and not surprisingly a number of exhibitors specialise in American folk art: Amish quilts, and carved weather vanes. Asian art, from sculpture to porcelain was also plentiful. Attendance at the 9-day event (25,000) was slightly down on last year but most dealers reported satisfaction.

It was certainly not a disaster, so we back, Marilyn

field the

**William Packer**

ret services to The Closing Show.

he's wait in the wings. Joel Million believes France's auctioneers should consolidate their own system and be proud of it. "Our weakness is our lack of unity but if we are united we are strong. If we reform our profession ourselves we have nothing to be worried about" he said.

to set up. And there's nothing magical about the date January 1 1993 - things could happen a year or two after that he said.

Jacques Tajan of France's second largest auction house Ader Picard Tajan was more categorical. "We have created complicated tests and prevented foreigners from coming in for the past ten years. But the profession does not need

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Claire Armitstead

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TELEVISION
SATURDAY

BBC1

7:30 News 7:30 Open University. 7:35 Babar. 8:30 Ego 'N' Baker. 8:50 Cinema. 9:00 Goggle News including John Simpson, Bobb'e J. Robinson news correspondent who reported from Baghdad and the Press conference poster, Roger Daltrey and actual therapist Peter Neville.

12.12 Weather.

12.15 Grandstand. With Desmond Ryan, 12:30 Football 12:30 Skiing in Merri's Growth Championship from Val d'Isere.

News 1.15 Racing 1.25 Snooker: Semi-final of the Benson and Hedges Masters at Wembley 1.45 Rugby 2:30 Snooker 2.50 Racing 3:00 Rugby. Silk Cut Challenge Cup: Castleford v Wigan 3.50 Football Half-Times 4.00 Snooker. News.

5.10 Weather.

5.30 Regional News And Sport.

5.35 Cartoon.

5.50 Jim'll Fix It. Jimmy Saville makes more dreams come true for people of all ages.

6.25 Airedale Gosh goings-on wreak havoc with the Germans' plan to burglar the Gestapo HQ.

6.55 The Paul Daniels Magic Show. Illusions from Paul and his special guest Uno Lanks.

7.40 Bergerac. On the Rocks. Starring John Nettles as Jersey detective Jim Bergerac. Bergerac gets more than he bargained for when he chauffeurs Charlie to a friend's birthday party in France.

8.35 Don't Wait Up. Tony Britton and Nerys Evans. A comedy series about father-and-son medics.

9.05 News News And Sport. Weather.

9.35 Midnight Caller. Protection. Gary Kemp. The first of a new late-night radio-chat-show host Jack Kilian, fighting crime from his studio. A rash promise means Kilian must help a couple being tracked down by professional killers after informing on a drugs cartel.

10.25 The Full Wax. On-the-show with Ruks, who may mean to Hattie John Manca. hears Tracey Ullman's version of LA live, and takes a look around Joanne Lumley.

11.00 Snooker: Benson and Hedges Masters. From Wembley the penultimate day's coverage.

11.55 Film: Big Blue (1977). John Wood stars with Robert Borge and Maureen O'Hara.

1.40 News.

1:45 Weather. Close.

BBC2

7.15 Open University. 2.45 Mahabharat.

3.25 There Is Music In The Air. A performance of The Dream of Gerontion on the radio. The Choir Festival in Worcester Cathedral in 1954 to mark the fiftieth anniversary of Elgar's death.

5.15 Solidarity. Tony Gubge introduces semi-final round of the Benson and Hedges Championship at Wembley Conference Centre.

6.25 Late Again. A weekly look back at highlights from The Late Show.

7.25 Mend and wed.

7.50 Wainwright's Coast to Coast Walk.

8.05 In Solidarity, Striking Out. During the summer of 1980, Poland's Prime Minister, Jaruzelski, create a free market from a bankrupt economy, unleashed the pent-up fury of his people. Solidarity politicians were forced to form a new movement to try to rescue the government and block Lech Walesa's rise to power.

9.05 Friends And Strangers.

9.25 John Sessions's Tall Tales. Six one-man plays written and performed by John Sessions.

10.00 Theatre Of The World. The Theatre, London. Neighbours and Lovers in which the cast of Neighbours meet DH Lawrence.

10.05 Theatre Of The World. Lensa. The international musical showcase pays a documentary tribute to Lensa Spencer, the Soledad collector who once bears her name, and the accoutrements of America.

10.55 Two Pawns. Starring Kyle MacLachlan and Michael Ontkean. Bobby and Shelly prepare for Leo's homecoming, a mission is launched to rescue Audrey, Denise and Madely plot to steal Leo. Palmer's secret is unraveled. Leiford Palmer attends his court hearing, and Nadine still thinks Leo is the town's teen queen.

11.40 Film: Ashes And Diamonds (1958). Starring Zbigniew Cybulski. Last in the Wajda trilogy and possibly his most famous film in the trilogy. Marcell is a young James Dean-like young man, a Resistance fighter turned assassin. A brief liaison with a barmaid gives Marcell an insight into another way of life, and he loses the will to kill. Directed by Andrzej Wajda (English subtitles). (B/W)

1.30

1301T

LWT

5:00 TV-Am. 9.25 Molybdenum. 11:30 The ITV Chart Show. 12:30 Salt & Grassie.

1.00 ITN News. Followed by ITV National Weather.

1.05 LWT News. And LWT Weather.

1.10 Grand Spontaneous. The games that brings together some of the brightest sporting brains from around the country. Hosted by Dickie Davies.

1.40 World Sport Special. Unusual sporting action from around the world.

2.10 The Day.

2.15 Yacht Racing Key West.

3.10 Film: Pearl Of The South Pacific (1955). Starring Dennis Morgan, Virginia Mayo and David Ferrar.

4.45 ITN News.

5.00 Results Service.

5.10 LWT News and weather.

5.15 Beverly Hills, 90210. Perfect Moma. Sandra's Melina Kelly's mum is hip while her own mother seems a little square. But Brenda then undergoes a profound change in her attitudes.

6.10 Casualty.

6.40 The Best Of Billed Dale.

All listings on all channels are subject to change because of coverage of the Gulf War.

7.40 The James Bond Film: The Man With The Golden Gun starring Roger Moore, Christopher Lee, Britt Ekland and Maud Adams.

9.55 News, sport and national

10.10 LWT weather.

10.15 Aspel and Company with guests including Charlie Lunghi, Gary Linoker and Jose Carreras.

11.00 Film: Every Which Way But Loose 1975. Clint Eastwood stars with Sondra Locke.

1.05 Film: Town On Trial (1957). Starring John Mills, Charles Coburn and Barbara Bates followed by Gull News Report.

2.45 American Soccer Football. Tennessee v Kentucky.

3.45 Backstage.

4.30 The Hit Man And Her.

5.00 ITN Morning News.

CHANNEL 1

CHANNELS

8.50 The Art of Landscape. 7.00 Trans World Sport. 8.50 The Channel Four Daily. 9.15 Channel 4 Racing. 9.25 Sing And Swing. 9.30 LA 5 singing group. 9.45 The Channel Four News. 10.00 Of Taste. 10.30 Film: *Just William* (1939) 11.30 Conventions.

12.30 The Munsters. Return of the comedy series featuring America's spookiest family, with Grampa approaching a marriage bureau. (B/W)

1.00 Film: *My Gal Sal* (1942). Starting an afternoon's double-bill with Rita Hayworth movie with this Technicolor biopic of the life of songwriter *Paul Dresser*, played by Victor Mature, with Hayworth as musical comedy star *Sally Elliott*.

2.55 Film: *Cover Girl* (1944). Musical starring Rita Hayworth, Gene Kelly and Phil Silvers which includes the Oscar-winning song *Long Ago and Far Away*.

4.55 In And Out. Animation.

6.05 Brookside Omnibus. Night To Reply. The programme will feature a range of programme makers, make their own TV reports and go on location to find out what really happens.

7.00 The World This Week. The latest news and reports from the Gulf plus an examination of how the optimism work has been split by the Gulf's looking eastwards for opinion in Pakistan and Morocco.

8.00 The Land Of Empire. A Place in the Country. Series of five documentaries on rural life from Finland to France, as experienced by the people who live there. Starting with a film contrasting the life of a small town, semi-rural, hamlet with the remote and sparsely-populated Scottish Grampian hills.

8.00 LA 5.

10.00 Small Stages. Me And My Friend. Robin and Julia live above *Sumy* and Oz. All four are former psychiatric patients learning to cope with the outside world. *Gillian Plotman's* play examines the world of psychiatric after-care.

11.30 Channel 4 News.

11.50 After Dark. Looks at the issues raised by the new "abortion pill". Doctors join "pro-life" and "pro-choice" campaigners to discuss the extent the new pill will develop-ment changes the terms of the abortion debate. Lady Helen Brook, founder of the Brook advisory centres, is among the

REGIONE

REGIONS

34C as Channel 5 exceptly
8:15 Morning Line. 11:00 Glimp By City. 12:30
The Secret Life of Machines. 11:50 Travelogue
12:30 South. 12:30 Newydd/Nation. 5:45 News
Sawm. 7:45 C'mon midland. 8:30 Y' Messes
Charge. 9:35 Film: Paper Moon.
54C Regions as London except at the following
times:
ANGLO
11:40 T-V Team. 3:05 Film: Tennessee's Best
men. 11:50 Up the Junction. 11:55 ITN Guin-
News Report. 11:55 Film: No Sex Please, We're
British.
BBC
11:40 The Silk Road. 2:50 Film: Women of Straw.
11:55 News. 11:55 Film Division Special.
11:55 Guin Report.
CENTRAL
1:40 Sid Tish. 2:10 The Spectacular World of
Guinness Records. 3:40 Out of Limbo. 5:35
Film: Crooks and Coronets. 8:15 Central News.
11:30 Film: Royal Flash.
CHANNEL
1:05 Daily Dates. 2:10 The Life and Times of
Glory Adams. 3:05 Film: An Alligator Named
Sally. 5:15 Film: Vietnam. 11:00 Fight 90.
Disaster on the Potomac. 10:35 The TV5
Match. 11:00 Shaka Zulu.
CHANNEL
1:40 Abairi. 3:00 Coronation Street. 2:55
Match. 8:40 Wrestling. 9:40 Scorsone Results.
11:00 News. 11:55 Film: 1001 Rujak. 11:55
ITN Guin News Report.
GRANADA
11:40 T-V Team. 3:05 The Spectacular World of
Guinness Records. 3:05 Film: The Cowboy and
The Ballerina. 3:10 Granada News. 11:50 Film:
The Last Days of Pompeii. 11:55 Guin News Report.
ITV
2:10 The Young Riders. 3:35 Film: Carry On
Up the Wall. 5:15 Film: Hannibal. 11:55
Film/Ambrake.
ITV Wales as **ITV** except
11:55 Hourly.
SCOTTESS
1:40 Hara Come The Double Decker. 2:10 The
Young Riders. 3:35 Film: 2:40 Film: Bless
This House. 4:20 The Spectacular World of
Guinness Records. 5:35 Scorsone Results. 5:55
Scorsone Results. 11:00 Scorsone Results.
TSB
1:40 The South West Show. 2:10 Liza Chai-
son. 2:15 Film: There Goes The Bride. 8:15
TSB News. 8:30 Sport. 8:10 Gu Honeybun.
9:40 Film: The Last Days of Pompeii. 11:00
Scorsone Results. 11:55 ITN Guin News Report.
TSB
1:40 Hard Time On Planet Earth. 3:05 Film:
An Alligator Named David. 11:00 The TV5 Match.
11:55 Film: Prime Cut.
TSB
2:10 The T-V Team. 3:05 Film: Side By Side. 5:35
Northern Line - Saturday Special. 11:50 Mag-
azine. 11:55 ITN Guin Report.
ULSTER
1:40 Wintersday. 2:40 The A Team. 3:40 The
Munsters Today. 4:10 Guinness Book of
Records. 4:15 Film: Newsweek. 11:50 Film:
Division Special.
WOLFEHART
11:40 T-V Team. 3:05 The Spectacular World of
Guinness Records. 3:05 Film: Zorro. The Gay
Blade. 5:15 Calendar News. 11:00 Film: The

BRIDGE

The unpredictable Jonathan Speelman recovered impressively from a poor start in the second world championship eliminator this week. The match is now tied 4-4 and goes into a play off in the City of London this afternoon.

Speelman effectively lost the first game within the opening ten moves by rash pawn advances, but he outplayed Short in the second, winning it on his third and in the fifth, below, he brought off a fine chessmate attack.

Unfortunately for British hopes, results in the other candidates' matches have increased the chances that Gary Kasparov's next challenger will be a fellow Soviet. Boris Gelfand 22, and Vassily Ivanchuk 21, join the seeded ex-champion Anatoly Karpov in the last eight and on current form may have the besting of their rivals.

(Speelman, White; Short, Black; Dutch Defence; fifth match game, City of London 1991.)

1 e4 e5 2 d4 c5 3 dxc5 Nf6 4 Qe2 Bf5 5 Nf3 d5 6 0-0 0-0 7 Qe2 Bf7 8 b3 a5 9 Bc2 c5. Timman-Short, Tilburg 1990, continued 9... Nc6 when White won by a queen attack. The pawn move is solid but static so White undermines it with a Q-side advance.

10 Bxe7 Qxe7 11 Ne5 Be8 12
Nd3 Bh5 13 Nf4 g5 14 Nxh5
Nxh5 15 Nd2 Nd7 16 a3 Khf6
17 Qe3 Nf6 18 Babb! R7f1.
Qx3 19 c5 Nd7 20 Rb1 Qb4 21
Qe8 regains the P with advan-
tage. 19 b4 axb4 20 axb4 Ne4
21 Bxe4 fxe4 22 Be5 c3 23 Rh3
Rh3b4 24 Qxh3 c5 25 Qc3 Qd7
26 dxc5 Nxc5 27 Qd4 Bf5 28
Rall White's queen and rook
outflank the defence. Kf7 29
Bd8 Nd7 30 Ra7 Nf6 31 Qb6
Kg6 32 Qx3 Qx7 33 Qf7+ Kh6
34 e3 Qb4 35 g5! Resigns. The
threat is Qe7 mate, while if
Nxg2 36 Qxh7 mate.

Problem No 559
SILASKE 7 MEN

WHITE 5 MEN
 White mates in two moves, against any defence (by H. M. Curtile, 1926).

Solution Page XIV
Leonard Barden

CHESS

MY HAND today comes from
teams-of-four:

N
J
K 10 7 3
Q J 6 4
A 10 9 6

W E
A Q 8 5 4 3 K 10 9 6 2
6 2 9 9
K 10 Q 8
K 8 2 J 5 3

S
7
A J 8 5 4
A 7 5 2
Q 7 4

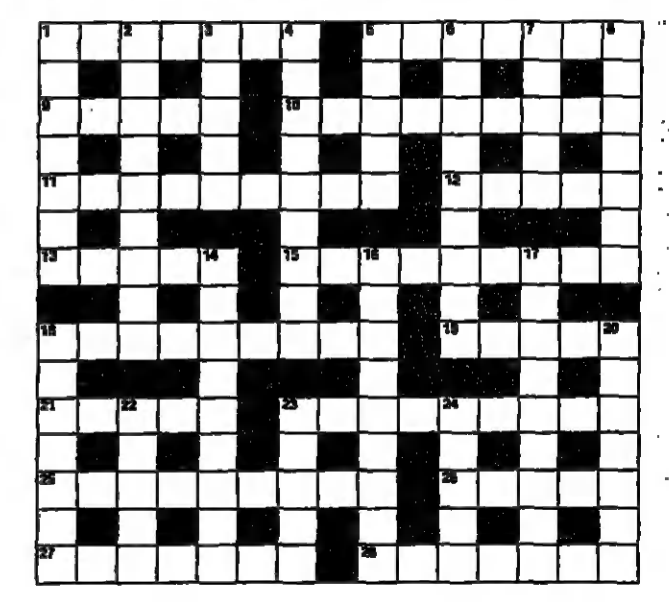
took East's queen and drew a second round of trumps. He then cashed the diamond ace — there was no way to avoid one loser in that suit — and led the two. West took it with the king and after some thought he returned the two of clubs. This ran to nine, knave, and queen, then South finessed the 10 succeeded in cutting the ace and claimed his contract.

East was cross. "What a stupid return of the club two — why not another spade?" "That gives a ruff discard," replied West. "I know that," said East, "but one ruff discard is not enough. I can't get East to declare his one spade, five hearts, and four diamonds, and therefore three clubs. He can throw one club on a spade while dummy ruffs, but unless he has both queen and knave of clubs, he must lose one trick." "Quite right," said West. "I am sorry."

"You see how important it is in defence to keep a count on the cards."

CROSSWORD

No. 7,464 Set by HIGHLANDER
Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday February 20, marked Crossword 7,464 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 23.



Name _____
Address _____

ACROSS

1 ignore girl's old blade (7)
5 When defect reported in road
wurm (7)

Irish: island requires three
Roman administrators (8)
18 After a short time, having artificial
hair, revert on (7)

9 Early stages of nasal and optical inflammation are unpleasant (5)	20 Harrow pews old marines under canvas (7)
10 Speed variable, pace critical (8)	22 Note sounding go-slow in music (5)
11 Cricket slide is even terribly rude (9)	23 75% drag over first third of second vibration (5)
12 A sailor with experience taken	24 Pattern of gold with coloured backlink for book (5)

Solution to Puzzle No.7,464

1	DOWNING	10	FLOWER
2	USE	11	GO
3	USE	12	GO
4	USE	13	GO
5	USE	14	GO
6	USE	15	GO
7	USE	16	GO
8	USE	17	GO
9	USE	18	GO
10	USE	19	GO
11	USE	20	GO
12	USE	21	GO
13	USE	22	GO
14	USE	23	GO
15	USE	24	GO
16	USE	25	GO
17	USE	26	GO
18	USE	27	GO
19	USE	28	GO
20	USE	29	GO
21	USE	30	GO
22	USE	31	GO
23	USE	32	GO
24	USE	33	GO
25	USE	34	GO
26	USE	35	GO
27	USE	36	GO
28	USE	37	GO
29	USE	38	GO
30	USE	39	GO
31	USE	40	GO
32	USE	41	GO
33	USE	42	GO
34	USE	43	GO
35	USE	44	GO
36	USE	45	GO
37	USE	46	GO
38	USE	47	GO
39	USE	48	GO
40	USE	49	GO
41	USE	50	GO
42	USE	51	GO
43	USE	52	GO
44	USE	53	GO
45	USE	54	GO
46	USE	55	GO
47	USE	56	GO
48	USE	57	GO
49	USE	58	GO
50	USE	59	GO
51	USE	60	GO
52	USE	61	GO
53	USE	62	GO
54	USE	63	GO
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64	USE	73	GO
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66	USE	75	GO
67	USE	76	GO
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92	USE	101	GO
93	USE	102	GO
94	USE	103	GO
95	USE	104	GO
96	USE	105	GO
97	USE	106	GO
98	USE	107	GO
99	USE	108	GO
100	USE	109	GO
101	USE	110	GO
102	USE	111	GO
103	USE	112	GO
104	USE	113	GO
105	USE	114	GO
106	USE	115	GO
107	USE	116	GO
108	USE	117	GO
109	USE	118	GO
110			

21	Mail order has succeeded in Mohammedan countries (5)	J I T A T A N Y S
22	He acts for every one who shaves (8)	U N D E R P A R I T S
23	American soldier captures a rude Italian hero (8)	S O T N U A C L
24	Spin calls for push-rodets (5)	T I L E D A L T R I P I C E
25	See the same one going in	I A S E T I C G O
26		C A T H I P I N C R E A S E
27		S E R A C A R M

28 One gets a smack on the ear from supporter of Edward IV (7)

DOWN

1 Against having single control unit for electronic system (7)

2 Theodore I was to petition
Church group for special mis-
sion (4,5) DOMINATE WINTER
Y N G A M A I O
3 Race vehicle doesn't start
using any mixture (5) INCAUTIONOUS
M V S T Y G E N S
4 Something incidental to chil-
dren following team (4,5) ARITHMETIC
R A T I S S T S F
5 I'll hear this passage (6) MATING ATTITUDE

6 Quietly ran down without one
and carried the day (9)
7 Use a cover for speakers (5)
8 Disloyalty to the state senator
is widespread (7)
14 Highly regarded items ruined
by expert (9)
15 Myths, songs, fables, initial
B

O I W R C M N
S O C C E R M A R K S M A I N
S U L T Y E E F
T I M E L Y P E C T O R A L

Mrs E. Fotheringham, Crief,
Perthshire; J.T. Hardwick, Bury
St Edmunds, Suffolk; Elizabeth
B.

17 Victory inconclusive against

RADIO

SATURDAY

BSC RADIO 3
8:30 Graham Knight, 7:45
 Take 2, 8:05 Rommie Hilton,
 8:05 Brian Threlkeld, 18:05
 Area Roundtable, 18:20 Gerald
 News, 1:30 The News
 Headlines, 2:30 Robin Ray
 On The Road, 3:00 Gerry
 Anderson, 4:05 In Music,
 5:00 Cinema 2, 5:30 Musical
 Sy-Jon Goodwin, 5:50 Bob
 Holmes Requests
 The Pleasure, 7:00 Jack Score,
 7:20 Northern Gothic Night
 8:30 Easy Does It, 10:00 The
 Radio 2 Arts Programme,
 12:05 Cinema, 2, 12:30
 Andrew Lane.

BSC RADIO 3
8:35 Open University,
8:30 News,
8:35 Northern Gothic.
9:00 Open University
 Review,
 12:05 Words,
 1:30 News,
 1:55 Top Goodman,
 2:05 Faure And Massenet
 And La Madoelle,
 8:15 News,
 9:00 Turning Up,
 9:30 Jack Record Requests,
 9:45 The Cyclists,
 10:00 Chamberlino And
 France,
 12:00 Lucio Siles,
 12:30 News,
 11:35 BSC Welsh
 Symphony
 Orchestra,
 12:00 News.

BSC RADIO 4
8:30 News Briefing, Weather,
8:10 The Farming Week,
8:00 Prayer For The Day,
8:30 News.

BSC RADIO 5
8:30 Sports On 4,
8:30 Breakaway,
8:30 Sports On 4,
 11:00 News: The Week In
 Westminster,
 11:30 The Own
 Correspondent,
 12:00 Money Box,
 12:05 Just A Minute,
 12:35 Weather,
 1:30 News,
 1:55 The Any Question?,
 1:55 Shipping Forecast,
 2:00 News: Any Answers?,
 2:30 Saturday Playhouse,
 3:35 Playback,
 4:00 News: Lawrence Among
 The Stars,
 4:20 Science Now,
 5:00 God And Cancer,
 5:30 West End,
 6:00 Shipping Forecast,
 6:35 Weather,
 6:30 News: Sports Round-Up,
 6:50 Citizens,
 7:10 Spot The Week,
 7:15 Classic Series: The
 Fortunate Chronicle,
 8:05 Kaleidoscope,
 8:15 Music In Mind,
 8:30 Top Ten,
 9:35 Weather,
 10:00 News,
 10:15 The Brit,
 10:30 The Poetry Of Popular
 Song,
 11:00 Richard Baler
 Compositions,
 11:20 And Now, In Colour...
 12:00 News.

BSC RADIO 5
8:30 World Service,
8:30 Morning Edition,
8:30 On Your Marks,
 12:00 Sports Call,
 12:30 Sports Call,
 12:30 Sports Report,
 8:30 As Radio 4,
 10:00 Sport,
 11:00 The Studio,
 11:00 Sport,
 11:00 The Studio,
 12:00 News And Sport.

WORLD SERVICE
8:30 On Your Marks,
 8:30 On Your Marks
 repeated in Western
 Europe on
 Medium Wave 640
 (630) at the following
 times:
 8:30 German Features,
 News in German,
 News in English And French,
 Press Review, 8:35 Film
 News, 8:55 Weather,
 9:00 Travel News, 9:00 News,
 9:30 London Mailin: News
 And Press Review In
 French, 9:35 Weather,
 9:35 News, 7:15 Twenty-
 Four Hours World News,
 7:30 Of Faith,
 7:30 Good Show, 8:00 W.
 News, 8:00 Review Of
 British Press, 8:30 The
 Today, 8:30 Financial
 News, 8:30 Sports Roundup,
 Network UK,
 9:00 News, 10:01 He
 Humphreys, 10:15 Letter
 Answers, 10:30 People
 Features In French, 11:
 11:00 News About Brit,
 11:15 Club 640, 11:30
 Magazine: News
 Features In French, 11:
 Travel News, 11:
 Newsweek, 12:15 Multir,
 12:45 Sports Roundup.

SUNDAY

New News. 1:15
Twenty-Four Hours. 2:50
Newspaper. 3:25 John
Paul. 3:28 Sportsweek. 3:50
Newsweek. 3:15 Sportsweek
Country. 3:25 Newsweek.
6:00 News About Britain. 4:15
BBC English.

6:30 News And Features In
German. 4:45 Travel News.
5:00 News Summary. 5:01
Sportsweek! Final Results.
5:05 Newsweek.
Features In French. 6:15
News Headlines In English.
6:15 BBC English.
Albus: News And Sport
In German.

7:00 Noon Features. 7:54
News In German. 8:00 World
News. 8:09 Society Today.
8:09 Newsweek.
Meridian. 8:30 News
Summary. 9:31 Sports
Roundup. 9:38 Society:
Newsweek. 9:56 From Our
Own Correspondent.

9:58 Write On! 10:00
Newsweek. 11:00 World
News. 11:05 Society. Faith.
11:05 Book Choice. 11:15 A
Jolly Good Show. 12:00
Newsweek. 12:30 The New
World. 12:35 Newsweek.
Summary. 1:01 Play Of The
Week; Macbeth.

2:00 World News. 2:58
Review Of The British Press.
3:15 They Made Our Week.
2:25 Book Choice. 2:30 Cult
Heroes: James Bond.
3:00 World News. 3:00
News About Britain. 3:15 Society
Today. 3:38 From Our Own
Correspondent.

BBC RADIO 2

6:00 David Allan. 6:00
Gramercy Radio. 7:30 Don
Maclean. 9:05 Richard
Benson. 9:05 Desperate
Garrison. 2:00 Nancy
Green. 3:58 Alan Del. 4:58
Something Simple. 6:00
Society. 6:58 The Music
Music. 8:00 Victor Squire
Orchestra. 8:58
6:00 News. 6:58 Alan
Kilgus. 10:00 Radio 2 Arts
Programme. 12:04
Andrew Lane.

BBC RADIO 3

7:00 Morning Concert.
8:00 News.
8:05 From The
Dresden Court.
9:15 Isaac Stern And
Friends.
10:15 Music Weekly.
10:25 From The Proms.
12:40 Replay.
1:15 News.
1:25 Concert Choice.
2:30 Pascal Rogier.
3:35 Bourne-mouth Symphony
Orchestra.
5:00 Soundings.
5:05 Martin Abbot Of Eborac
Cathedral.
7:20 Having It Both Ways.
8:00 News.
8:30 Elliott Carter Festival.
10:00 Early Music In
Tunbridge Wells.

BBC RADIO 4

6:00 News Briefing. Weather.
6:15 Prelude.
6:25 News; Morning Has
Broken.
8:25 Weather.
8:30 News.
9:15 From My Papers.
9:15 Your View.
9:45 Sunday.
10:05 Appeal.

8:55 Weather.
9:00 News.
9:05 From My Papers.
9:15 Letter From America.
9:25 From My Papers.
10:15 The Archers.
10:15 News Stand.
10:25 From My Papers.
10:35 Desert Island Disc.
10:45 From My Papers.
1:00 The World This
Weekend.
1:05 Evening Forecast.
2:00 Gardeners' Question
Time.
2:30 Talking Head.
2:35 The Cashier And
The Solicitor.
3:30 The Radio Program.
4:00 News: Analysis.
4:05 From My Papers.
4:05 Gossip Lines.
4:30 Shipping Forecast.
5:55 Weather.
6:00 News.
6:15 Bookish.
6:20 The Art Of Travel.
6:25 From The Root Of The
Tree.
7:10 Bootlehit.
8:00 The Radio 4 Debate.
8:05 Enquire Within.
9:15 The Natural History
Programme.
9:20 News.
10:00 News.
10:05 The Ramiro M.
11:00 In Committee.
11:20 Seeds Of Faith.
11:25 Flowers The Endless
Day.
12:00 News.
12:05 Shipping Forecast.

BBC RADIO 5

6:00 World Service.
6:05 Sunday Edition.
6:02 This Family Business.
10:30 Education Mass.
11:15 Sun Ship.
11:20 Labour Of Love.
12:00 Sport.
12:05 Sport University.

2:00 Sport.
2:30 News.
3:00 Sunday Sport Extra.
3:30 News.
4:00 Sports.
4:30 The Big Huston Raffle.
5:00 Eurozine.
7:20 Open University.
7:30 News.
8:00 Across The Line.
8:30 News.
11:35 World Service.
12:00 Sport.
12:30 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe and the Middle East (40-45°) at the following times GMT:

8:30 German Features. 8:35 News in German. Headlines in English and German. 9:55 Financial Review. 9:58 Weather and News. 10:00 News. 10:05 8:30 London. 10:30 London. 10:35 News and Press Review in French. 10:35 News. 10:40 News. 7:00 World News. 7:15 Twenty-Four Hours. 7:20 News. 8:00 World of Faith. 8:15 Music for a While with Richard B. 8:30 World News. 8:35 Review of The British Press. 8:15 News. 8:30 The Collector. 8:30 Financial Review. 8:40 Book Choice. 8:45 Fantasy Today. 10:00 News Summary. 10:01 Science in Action. 10:20 in the Land of God. 10:30 World News. 11:00 News About Britain. 11:15 Short Story. 11:15 Field Magazine. 11:20 News and Features in French. 11:53 Travel News. 12:00 News Summary. 12:01 Lay

of The Week. Macbeth. 1:00 News. 1:05 Twenty-Four Hours. 2:00 News Summary. 2:01 What Do Jews Believe? 2:05. 2:10 Anything. 2:15 International Rectical. 4:00 World News. 4:05 News About Britain. 4:10 BBC English. 4:20 News and Features in German. 4:58 News. 4:58 World News. 5:00 News. 5:00 Book Choice. 5:15 Club 5:45. 5:50 London's Soul: News and Features in French. 6:14 News Headline in English. 6:15 BBC English. 6:15 News and Features in German. 7:54 News in German. 8:00 World News. 8:05 Personal View.

8:25 World of Faith. 8:30 Ed Sheridan's Counterpoint. 8:30 News Summary. 1:01 Sports Roundup. 8:15 Music for a While with Richard B. 8:30 World News. 11:00 World News. 11:05 World of Faith. 11:10 Book Choice. 11:15 Music for a While with Richard B. 11:20 Newsdesk. 12:00 in Press. 12:01 News Summary. 1:01 Elizabeth Garrett Browning. 1:45 Instruments of The Orchestra. 2:00 World News. 2:08 Review of The British Press. 2:15 Andy Kershaw's World of Music. 2:20 Composer of The Month. 2:30 World News. 2:35 News About Britain. 2:35 Goodbooks. 3:00 Anything Goes. 3:10 Newsdesk. 4:00 Newsdesk.

24 Pattern of gold with coloured backing for book (5)

[illegible]

The romance of travel

Michael Thompson-Noel

UNTIL LAST weekend I had never enjoyed a "romantic gourmet break" in France or anywhere else, so when the opportunity arose I grasped it manfully.

The chance to sample a romantic break in the Pas de Calais was made possible by the travel company French Expressions, one of whose directors, the vivacious Marcelle Hoff, wrote to me confirming the arrangements and enclosing the following items:

- 1) Sealink ferry ticket - courtesy of Sealink.
- 2) Hotel leaflet.
- 3) Voucher to be given to the hotel on arrival.
- 4) French Expressions Handy Hints.

The current price of a two-night French Expressions romantic gourmet break at the Auberge du Moulin de Montreux in Loubaix, 25 miles east of Boulogne, is £229 per person, though in my case, Marcelle explained, the charge would be waived.

"French Expressions," she wrote, "will pay for your accommodation, evening meals, breakfasts and the champagne, flowers and chocolates that we include in one of our Romantic Gourmet breaks."

I had been alerted to the charms of the Moulin de Montreux by an esteemed colleague, David Dodwell, a man - I reckon - who could produce a best-selling volume on romantic gourmet breaks if anyone ever asked him to.

I could have taken some pompous but decided, on reflection, to invite my assistant, Miss Lee, on the grounds that she owns many fine items of clothing and anyway needed an airing. The weekend proved a triumph. How bizarrely remote the Gulf seemed, how futile the sounds of war - how hollow, in comparison, our own artless doings and sweet ingenious talk.

We shopped in Le Touquet, shopped in Boulogne - and ate a ridiculous amount of food. Towards the end of dinner on the second night I observed to Miss Lee that the food had been outstanding and the company... divine. She regarded me suspiciously.

"You're strangely cheerful," she said through her smile. She drank a drop of red, and then a spot of white.

"Often, when you travel, you become melancholic, as though the cares of the world were pressing on your shoulders. You think people are out to humiliate you, take advantage of your nature. Sometimes you lose weight. Whenever that happens I know you are getting ready to write something mischievous."

"I know," I said. "But this magical weekend - the crinkly wintry weather, the chocolates and champagne, our softly inviting bedroom, the beauty of the auberge with its ducks and its millrace, the taste of this perfect soufflé - has caused me to ponder."

Miss Lee smiled impatiently. She was dressed like a vision in a black crêpe skirt with matching top, black suede shoes, pewter-coloured stockings, pearls from Hong Kong and a slim gold bracelet.

"Ponder?" she said; she downed a

plotch of red and then a draught of white. "What do you mean?"

"I have been pondering," I said, "the nature of travel writing - at least in newspapers - and wondering whether there isn't too much clever-dicking going on: too many sensitive souls jettisoning hither and thither and writing mournful, imperishable stuff. I suppose I blame the travel editors."

"But you're a travel editor," Splotch-splotch went the red, slurp-slurp the white.

"I know," I said. "But I have been wondering whether those comically cheerful TV travel programmes haven't got it right - *Wish You Were Here*, stuff like that: the sort that find everything and everywhere astonishingly congenial and employ teenaged personae to gush, adumbrates, advertisements, really straight to camera while dunking their spotty faces in plates of pasta or sliding down the water-chute in some kitsch Florida resort."

"They don't go in for cleverness. Just gush gush gush. All I am saying is - perhaps they are right: The world is rather wonderful. *Lumbrus* is wonderful. This meal is wonderful. So is your outfit. Your eyes are pools of amber, your neck as white as..."

Miss Lee downed a third of a bottle of champagne and coughed into her handkerchief.

"You've changed your tune," she said. "You used to say that good travel writing was simply good reporting with a few embellishments, but that it was often extremely difficult because it was all so subjective and because of the snares and traps. Sometimes, I feel, you confuse reporting with rudeness. You were rude about Jamaica."

"She drank half a bottle of malaise."

"No I wasn't," I said. "At least, not without due cause."

"You told your readers how I went for a dip in the Rio Grande in a very expensive swimsuit and the water was green and cool and this pink wanderer up while you were drinking coconut milk and you chatted to the pig which then put itself into the river..." she signalled to a waiter, who brought more champagne - "and wallowed at my side."

"Miss Lee," you wrote smugly, "was profoundly and bitterly hurt."

"And so you were, my dear. It was razor-edged reporting."

"You were rude about Zambia."

"Not necessarily."

"And rude about the Algarve."

"Only the unfinished bit."

"You were rude about Lenin."

"I found it a little drab."

"Also Las Vegas. You said it was cosmically vulgar."

"But I adore Las Vegas!"

Miss Lee studied me closely. Her hair was in her soufflé. She could not suppress a laugh.

"She said: 'You're a wonderful man, really. Wonderful and generous. What a romantic time we're having!'"

Then her chair toppled over. Her arms waved gracefully, like a below-the-star of the Kirov expiring in frosted moonlight.

HAWKS & HANDSAWS



A woman who hides in the limelight

Christian Tyler meets the conductor Jane Glover

AWILLOWY figure encased in shiny black silk, tight round the hips, square at the shoulders and slashed down the front. She must be nearly six feet tall in her high heels. Jane Glover cuts quite a dash as she takes the podium and launches into an energetic performance of a late Mozart symphony. She almost dances it, her knees bent, body swaying and long arm whipping the baton to every beat.

Miss Glover knows that she makes an impression and admits that she loves the dressing up bit of her job. But that is about the only concession she will make to public curiosity about her, a rare female in a male domain.

On television, which brought her into the public eye, she always seemed to me rather severe and schoolmistressy. In real life she is more engaging, more of the jolly headgirl, and (dare I say it?) prettier.

But behind those frank and intelligent eyes is a wary, cool creature. She is tightfisted with her thoughts on any but the most innocuous topic. Step across the invisible line and you walk from sunshine into frosty night.

This being Mozart's year, I fished for her feelings about the composer she is most identified with as artistic director of the London Mozart Players. Did she like the man behind the music?

"Yes, I mean, I sort of love him. Having said that I would certainly have loved to have met him, but I think he would have been incredibly intimidating and I would have been rather daunted by him. Though I think we would have had a great deal of fun. Do you know what I mean?"

"He is an immensely lovable person. But, as you read constantly in the letters, he doesn't suffer fools gladly. He was very contemptuous of other musicians. I suppose that's why I think I might be frightened of him. He found almost every other musician inadequate, with the possible exception of Haydn."

The language may be reminiscent of the hockey field but the enthusiasm is real. "There is this immense appeal about this chap who survived all those extraordinary ups and downs that extraordinary childhood being paraded around Europe by his father. Who, you know, desperately tried to be a normal chap, while fighting parental control on the one hand and prejudice on the other - and in a way his own talent on the other."

Jane Glover is even more glowing about Mozart's mentor, "Haydn. I absolutely adore. There is a totally lovable man, absolutely stuffed with generosity of spirit. Never had a bad word to say about anybody. Had a great sense of humour. Marvellous musician. One would have been just swept up in the warmth."

Like all serious students of the pre-Romantic age (her research subjects at Oxford were Cavalli and Monteverdi) Glover agrees you cannot read the composer's private life in the notes he writes on the stave. "All sorts of appalling things happened to Mozart from the time his mother died. And there is no reflection of that in the music at all. The fact that he left this girl in Mannheim, Aloisia Weber, and was desperate to get back to her, nor when he did get back to her, nor when she chucked him out. Or indeed of the years of frustration in Salzburg."

She mentioned the last three symphonies, written in seven weeks for no commission. "The finale of the Jupiter is one of the most brilliant pieces of music ever written by anyone. It is the most exuberant, the most... sort of... effortlessly brilliant piece of musical construction."

"How could he do that when we know that he was desperately writing begging letters at the time to

his fellow Masons. You have to divorce the man from the product."

Or divorce the woman from the product. Is it fear of being applauded, like Dr Johnson's dog, not for doing it well but for doing it at all that makes Jane Glover so fussy about music but so cryptic about herself? Or is it just old-fashioned, English upper-middle-class inhibition?

Yet another favourite composer is from our own age: Benjamin Britten. I asked why.

"Well again I can't explain it. Why's your favourite colour green?"

Do they have anything in common?

"Quite a lot. Not least the fact that Britten was a very good Mozartian, as I'm sure you know. And I think there's something about the discipline and a sort of classical restraint in Ben which may be simply an Englishness in him."

She has put many more up-to-the-minute works into her orchestra's repertoire and declares an affinity for almost every composer but Wagner. I suggested Wagner was a medical condition, like dandruff: people either had it or they didn't. "Some people do catch it, too," she said. But she couldn't, or wouldn't, explain her dislike further.

I crossed the line. Do you have much time for social life?

"Oh yes. But it's crammed into precious corners."

You're not married, and haven't been. Do you contemplate marriage?

She let out a sort of cry, whose meaning was not clear. "I haven't ruled it out at all."

You haven't put it aside for the sake of your career?

"No, absolutely not. No, heavens. It's very important to have relationships."

"Look, sorry," she added. "I am really a very private person. So much of my life is in the public eye that my private life is desperately important. I'd much prefer that you didn't talk about my private life at all."

The language may remind you of the hockey field but the enthusiasm is real

The thermometer was falling fast, and not only because the window was open in the music room of the soberly decorated Hampstead flat where she sat under a copy of Lange's portrait of Mozart.

I tried the other forbidden topic. Was she still getting misplaced attention because she is a woman?

"I don't think so."

Does it make a difference what sex a conductor is?

"The people you should ask are the musicians."

Why do so few women emerge as conductors?

"More and more are of course. You should talk to Sian Edwards

who's just about to have a baby."

I asked whether she had any career preferences if, as seems likely, she will very soon move on from her success with the London Mozart Players.

"If you really have to pin me down I slightly resent being pinned down. I would say opera is where I feel very at home. I feel very at home in theatres."

Why's that?

"Dunno. Just do. Always have. I adore theatres."

Do you have it in the family? (Her

close friends are actors."

I asked about the glamorous long black dress.

"The preoccupation with looks, with dress and make-up and hair and so on is part of the pre-concert ritual, and it is quite comforting. It's quite ludicrous, of course, because I spend all that time putting slap on my face and then spend the entire evening with my back to the audience."

"I suppose it is rather like an actor getting into costume. It's a very necessary preamble to going out there and giving a performance. When we do occasionally do concerts in casual clothes it does feel quite different."

"I choose my evening wear with tremendous care and I love it. It's a lovely part of the business."

I like wearing long black frocks. I enjoy clothes. Who doesn't?

Jane Glover says she is shy, which surprised me. And that she has no ambition, which surprised me even more.

"If you really wanted to pin me down to an ambition in life I would ask of life to achieve some sort of wisdom and peace of mind and great fun, in roughly equal quantities."

It wasn't a very exciting answer. I suggested she could achieve a lot of that by sitting in a barrel like Diogenes.

"Not much fun there. Not much wisdom. Fun of course is immensely important. Most musicians have a hotheaded element."

For her sake, I really hope she does too.

SPORT

World Student Games

Sheffield steels itself to pay for a £150m ticket

Keith Wheatley offers a cautionary tale for all cities which dream of staging large-scale sports events

EVERY SPORTS administrator, promoter or civic visionary who dreams of staging an Olympic Games in Britain should be obliged to make a lengthy visit to Sheffield.

The steel city is opening £150m-worth of new stadia, pools and sports halls. From July 14 to 25, Sheffield hosts the World Student Games.

If any member of the public outside south Yorkshire has actually heard of the WSG it is almost certainly because of the recent publicity surrounding the city council's attempt to strong-arm Michael Heseltine, the environment secretary, into providing up to £10m of departmental money to run the event.

Commercial sponsors have stayed away in droves. Six thousand athletes from 120 countries will compete in Sheffield. In the litanies of the organisers, the event will be bigger than the 1980 Moscow Olympics - and probably about as controversial.

Fonds Forge swimming complex opens to the public on March 9. Technologically and aesthetically it is breath-taking. In the Olympic diving pool, computerised "bubblers" aerate the water so that competitors practising do not get sore heads as they enter the water.

The Olympic pool - slightly oversized to allow for the concrete "shrinking" in the next century - has floors which can be moved to adjust the depth of the water.

Transverse beams, incorporating electronic touch-pads for racing, span the pool and can divide it into three separate units. The adjacent leisure pool has fountains, spas and wave-machines.

"You only work on something like this once in a lifetime," sighed the Mowlem engineer who was about to hand Ponds Forge over to its new owners. The complex has cost £33m - one-third of total capital expenditure on the games.

Last summer, the Don Valley athletics stadium opened. International miller Peter Elliott, who used to work in a steelworks just down the road, declared it just splendid, a rival to London's Crystal Palace. Since that meeting, usage of the 25,000-seat stadium has been patchy.

Even a year ago councillor Peter Price, political spearhead of the games, declared himself "very optimistic" that soccer's Sheffield United would take it on as a home ground. Yet neither Wednesday nor Sheffield Eagles rugby league team play at Don Valley, their few thousand supporters can have 10 seats each.

Why should anyone be amazed at the grandeur of the new facilities? After all, a poor man can buy a Rolls-Royce if he is willing to shoulder a mountain of debt and forgo a few of life's necessities.

Sheffield City Council is fighting for its financial life. Services are being cut and 3,000 redundancies

will be made in the coming year. Yet when the consortium of French and Australian banks that loaned the £150m for WSG facilities begins to require repayments in 1992, the cost to the city will be nearly £10m a year for almost 20 years.

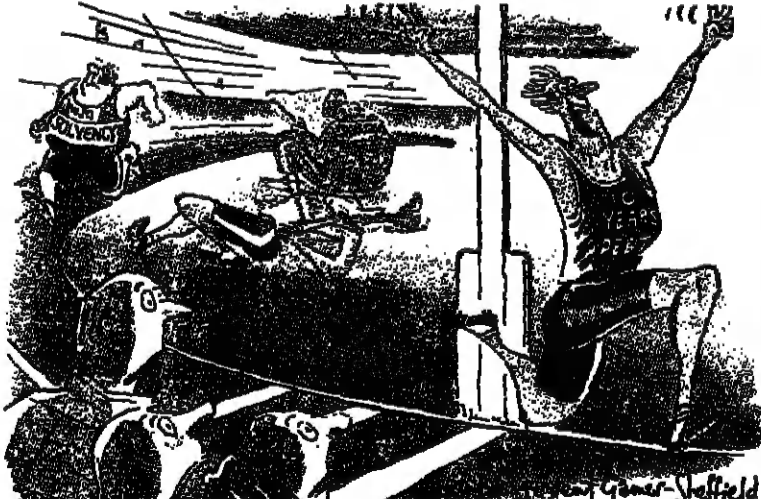
"I think it's a sad mistake on the council's part," commented retired engineer George Cowley as he waited for a bus next to Ponds Forge. "The sports sound grand but it's the cost. There's my council flat rent to go up £2.50 plus more poll tax next year to pay the interest."

A civic discussion group enjoyed by George Cowley has already been axed. A metal-working class at Loxley college is about to go. "Money's been borrowed and the public's not been told about it until now," he says.

Indeed, civic manure is just starting to hit the fan over the games village. Seven hundred flats in an old high-rise block called Hyde Park are being hastily renovated at a cost of £1.5m to provide accommodation for the athletes. In August they will be demolished.

"I've got a 10-year waiting list for houses in my ward," said David Chadwick, leader of the Liberal Democrats on Sheffield council. "You'd never explain to your average homeless couple that it makes sense to refurbish 700 flats and then demolish them."

The sad mistakes probably began when the delegation from Sheffield travelled to Zagreb in 1987 to "bid" for the World Student Games.



Sports marketing companies were paid for advice, high-profile consultants organised a huge tableau to woo the hierarchy of FISU - the international student sports federation - and any councillor who could find a suitcase went along. The total cost was nearly £300,000.

There was no other bid. Indeed, a brief letter on a single sheet of notepaper would probably have secured the games for Sheffield.

"It's a farce," said a civil servant based in Sheffield, who asked to remain anonymous. "We spent over £250,000 against no opposition to bring a third-division event here."

With disarming candour, even the most senior people involved at the "bidding" stage admit that they had little idea what they were getting into. "I was chair of the recreation committee at the time," recalls Peter Price, a laboratory technician by occupation. "Like everybody else I had never heard of the WSG."

One of the first big decisions taken by the city council was to set up a separate commercial company, Universiade GB Ltd, to operate the games themselves. It was to be self-financing through sponsorship,

merchandising and the sale of TV rights.

An experienced and high-powered team led by Peter Burns, former chief executive of Crown Paints, was recruited, though its style jarred with the traditionalist Labour council from the outset. First-class travel and red spectacles were not the accepted style around Town Hall.

Perhaps that could have been forgiven but UGBL failed to raise any significant national and international sponsorship. Forced to live on a council-backed overdraft, tensions were bound to rise. Last summer, UGBL was quietly put on ice and all the senior staff given one day to clear their desks.

Management of the games was brought back in-house. The visitor seeking the WSG secretariat now follows a trail of shabby, hand-drawn WSG arrows taped to the pillars of the Town Hall until finally arriving at the housing department. Ray Gridley, director of housing, is seconded to run and finance this vast event and clearly having the time of his life.

Cheerfully admitting to having no previous experience of running a major sporting event, he said: "The

right background for this sort of task is public administration. It's no accident that there isn't a single top executive from UGBL on my team."

Politically, the atmosphere is as sharp-edged as a Sheffield carving knife. Sixty out of 87 councillors are Labour and the whips run a tight ship. Privately, some will willingly concede their distaste for holding the WSG while cutting services and shedding staff.

Helen Jackson, chairman of the employment committee, spoke passionately against the WSG at a New Year's Eve council meeting just over a month ago. She was disciplined, and told me over the phone: "I am sorry but I have promised to make no further comments concerning the games."

Other councillors have made their own protest. The chairman of the housing committee conspicuously wore a Sony Walkman and listened to music throughout a recent progress report on the games.

"It's such a showpiece for the ruling party that not one single Labour candidate in last year's elections bothered to include it in their manifestos," commented David Chadwick, leader of the Liberal Democrats.

"Some time soon they are going to have to admit the city will pick up the losses on the games. It's too late for sponsorship."

Although Michael Heseltine is due to visit Sheffield on March 1, no-one who attended the Environment department meeting is optimistic that Whitehall will bail out a hubristic project almost designed to flout local government spending guidelines.

Irving Patrick, MP for Sheffield Hallam, is the city's only Tory member. He attended the Heseltine meeting and despairs of the whole business. "Sheffield is the only place that could design corner cupboards for igloos," he groans.

Nevertheless, he believes that with adequate pressure the Minister who had a mission to save Merseyside might pull Sheffield out of the swamp. "Because it's a cock-up, is that a reason not to help?" Patrick asks.

IN BRIEF

WINTER'S ICY grip spells a star-at-home weekend for Britain's sportsmen and women. The scheduled busy programme looks certain to be frozen beyond recognition.

In England, the Football League fears its worst Saturday since January 17 1987, when 57 of 46 fixtures were lost to the weather. George Graham, manager of Arsenal, believes it is time soccer organised a winter break.

"I've always been an advocate of a winter break in January and February," he said. "It would also do the players good. British soccer is the most physically demanding in the world. The Continentals can't believe our season runs non-stop for nine months."

Rugby Union's Courage League is sure to be hit by "most postmodernists caused by countryside snow and frost. All six first division games are expected to be affected. Even Gloucester and Leicester, which have pitch covering, rated their fixtures doubtful."

In Wales, with conditions worsening, there is little prospect of any play in the Heineken League. Also postponed was the women's international between England and Wales at Watford on Wednesday.

There will be no horse racing for a third successive day. The all-weather Flat meeting at Lingfield, the day's last surviving card, was abandoned on police advice. The track could have been made raceable, but officials were advised by police to call things off because of road conditions.

A surprise casualty was today's inaugural UK cross-country championships at Basingstoke. The event was to have been used as a British trial for the world championships, but was called off because of travel conditions.

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